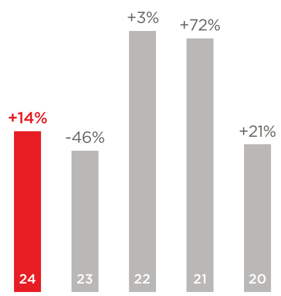
NAVIGATING COMPLEXITY

EXPEDITORS **ANNUAL REPORT 2024**



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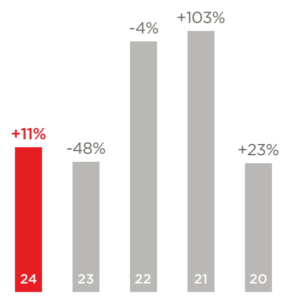

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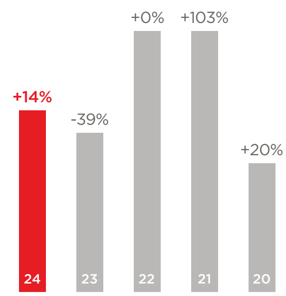

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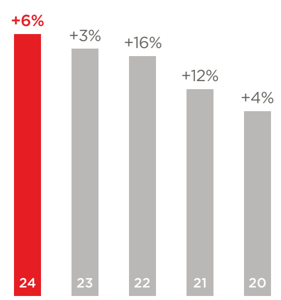
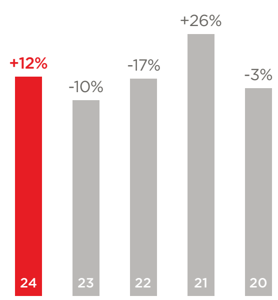
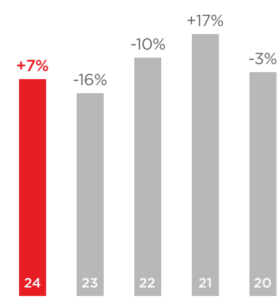


DIVIDENDS PER SHARE



AIRFREIGHT TONNAGE



OCEAN CONTAINERS

A Letter from the CEO

I write this letter, my last as CEO of this great company, with immense pride and admiration for all the Expeditors employees who have made this company so special.

2024 was a bit of a strange year. It started off slow, with questions about importers holding excess inventory, and then almost overnight erupted into a period of great growth. Certainly, some of this was brought on by outside factors such as possible port strikes and concerns with access to capacity, but this was also a testament to our focus on customer service, retention, and growing current business, as well as development of new business through our ongoing sales efforts.

We worked hard over the past year to further invest in our people through a series of projects covering employee engagement (understanding more about our business and why their work matters) and customer service. We continue to believe that a workforce that understands its mission is a workforce capable of achieving great things. Our mission is not just moving boxes around the world, but also to support critical supply chains that move products to the locations where they are needed, on time, and in a cost-effective manner.

Technology will continue to play a very large role in our future, but, at Expeditors, that technology will be developed by industry professionals who understand logistics. As explained to me many years ago by our first CIO, we need to be at the cutting edge of technology while, at the same time, making sure our investments in technology drive value for our company. We continue to subscribe to that methodology today, as it has served us well over the years.

As I walk away from this company, I leave with a sense of sadness, as I will miss the interactions with our employees, but also with a great deal of excitement for the company's future. It is my belief that the company is structured well for tremendous future success and that our employees will rally around our new CEO, Dan Wall, whom so many have known for so long. This will create a groundswell of new energy that will take the company to the next level.

As for me, I move from a position player on the field to a fanatic in the stands. My love and respect will never waver, as I know in the Expeditors world it is much more than a building that makes a successful company, it is also about creating careers and changing lives. I have certainly experienced that and will be forever grateful for my time with this company.

A big thank you to our employees, service providers, customers, and shareholders. Your trust in our company means the world to us and means even more to me, given the trust you placed in me over the last 11 years in the CEO role. I hope I have served you well and made you proud to be associated with Expeditors.

Thank you,

Jeffrey S. Musser
President & Chief Executive Officer, Director

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to

Commission File Number: 001-41871

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.

(Exact name of registrant as specified in its charter)

Washington	**91-1069248**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
Sterling Plaza 2, 3rd Floor **3545 Factoria Blvd. SE, Bellevue, Washington**	**98006**
(Address of principal executive offices)	**(Zip Code)**

(206) 674-3400

(Registrant’s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $.01 per share	EXPD	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant’s Common Stock held by non-affiliates of the registrant, based upon the closing price as of the last business day of the most recently completed second fiscal quarter ended June 30, 2024, was approximately $17,435,031,444.

At February 18, 2025, the number of shares outstanding of registrant’s Common Stock was 138,032,017.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for the Registrant’s Annual Meeting of Shareholders to be held on May 6, 2025 are incorporated by reference into Part III of this Form 10-K.

Auditor Firm ID: 185 Auditor Name: KPMG, LLP Auditor Location: Seattle, WA, USA

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.
Form 10-K
For the Fiscal Year Ended December 31, 2024
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Forward-Looking Statements

In accordance with the provisions of the Private Securities Litigation Reform Act of 1995, the Company is making readers aware that forward-looking statements, because they relate to future events, are by their very nature subject to many important risk factors that could cause actual results to differ materially from those contained in the forward-looking statements. For additional information about forward-looking statements and for an identification of risk factors and their potential significance, see “Safe Harbor for Forward-Looking Statements Under Private Securities Litigation Reform Act of 1995; Certain Cautionary Statements” immediately preceding Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Item 1A - "Risk Factors" in this report. Forward-looking statements speak only as of the date they were made. The Company undertakes no obligation to update these statements in light of subsequent events or developments.

PART I

ITEM 1—BUSINESS

Overview

Expeditors International of Washington, Inc. (herein referred to as "Expeditors,” the "Company," "we," "us," "our") provides a full suite of global logistics services, offering customers access to an international network of people and integrated information systems to support the movement and strategic positioning of goods. As a third-party logistics provider, we purchase cargo space from carriers (such as airlines, ocean shipping lines, and trucking lines) on a volume basis and resell that space to our customers. We do not compete for overnight courier or small parcel business and do not own aircraft or ships.

We provide a broad range of transportation services and customer solutions, such as customs brokerage, order management, time-definite transportation, warehousing and distribution, temperature-controlled transit, cargo insurance, specialized cargo monitoring and tracking, and other customized logistics and consulting solutions. In addition, our Project Cargo unit handles special project shipments that move via a single method or combination of air, ocean, and/or ground transportation and generally require a high level of specialized attention because of the unusual size or nature of what is being shipped.

Expeditors' primary services include:

- Airfreight Services
- Ocean Freight and Ocean Services
- Customs Brokerage and Other Services

Airfreight Services: Within airfreight, Expeditors typically acts either as a freight consolidator or as an agent for the airline that carries the shipment. Whether acting as a consolidator or agent, we offer our customers routing expertise, familiarity with local business practices, knowledge of export and import documentation and procedures, the ability to arrange for ancillary services and to assist with securing capacity during periods of high demand.

Solutions within Airfreight Services include:

Airfreight Consolidation: as an airfreight consolidator, Expeditors purchases cargo capacity from airlines on a volume basis and resells that space to our customers at lower rates than what those customers could negotiate directly from the airlines on an individual shipment. Expeditors determines the routing, consolidates shipments bound for a particular airport distribution point, and then selects the airline for transportation to the distribution point, where either we or one of our agents then arranges for the consolidated lot to be broken down into its component shipments and for the transportation of each individual shipment to its final destination.

Airfreight Forwarding: as a freight forwarder, Expeditors receives and forwards individual, unconsolidated shipments, and arranges the transportation with the airline that carries the shipment.

Ocean Freight and Ocean Services: Within ocean services, Expeditors offers three basic services: ocean freight consolidation, direct ocean forwarding, and order management:

Ocean freight consolidation: Expeditors, when acting as an ocean freight consolidator, contracts with ocean shipping carriers to obtain transportation for an allocation of containers between various points during a specified time period at agreed-upon rates. We handle both full container loads as well as Less-than Container Load (LCL) freight, offering a wide range of shipping options and rates. We also generate fees for ancillary services such as the preparation of documentation to comply with local export and import laws.

Direct ocean forwarding: Expeditors acts as the agent when its customer contracts directly with the ocean carrier. We receive fees for customer handling and ancillary services and may also receive a commission from the carrier.

Order management: Expeditors provides a range of order management services including consolidation of cargo from many suppliers in a particular origin into the fewest possible number of containers, putting more product into larger and fewer containers in order to maximize space, minimize cost and help our customers reduce their carbon footprint.

Customs Brokerage and Other Services: Expeditors offers a range of custom solutions, including:

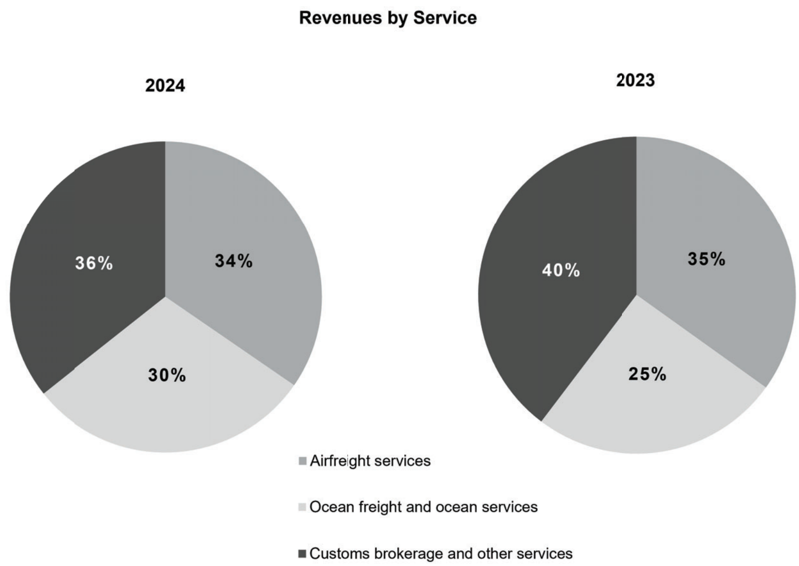
Customs Brokerage and Import Services: Expeditors helps customers clear shipments through customs by preparing and filing required documentation, calculating, and providing for payment of duties and other taxes on behalf of the customer as well as arranging for any required inspections by governmental agencies, and import services such as arranging for local pick up, storage and delivery at destinations. Such services can include screening commercial documentation for assessed value, country of origin, application of special trade programs, and classification. Our target market is primarily comprised of customers looking to reduce the number of customs brokers used, those looking to improve compliance and reporting, and those seeking opportunities to participate in special trade programs globally.

Transcon: Expeditors' Transcon consists of intra-continental ground transportation, including time-definite less-than-truck and full-truck solutions.

Warehousing and Distribution Services: Expeditors’ services include inventory management, multi-channel order fulfillment, vendor managed inventory programs, and other value-added services. Our warehousing services are generally offered globally in multi-client facilities so that customers may benefit from cost savings related to shared space, labor, equipment, and other efficiencies.

Revenues

The following chart shows our 2024 revenues by service type:



The Expeditors Network

Expeditors has approximately 18,000 employees and provides a complete range of global logistics services to a diversified group of customers that vary in size, industry and geographic location. As opportunities for profitable growth arise, we will continue to open new offices where it makes sense to support existing global customers and serve new local markets. As a knowledge-based global provider of logistics services, we have often concluded over the course of our history that it is better to grow organically rather than by acquisition. When we have made acquisitions, it has generally been to obtain technology or gain specialized industry expertise that could be leveraged to benefit our entire network.

Expeditors, including its majority-owned subsidiaries, is organized functionally in geographic operating segments and operates district offices in the regions identified below. Our district offices are defined by geographic boundaries and have been established in locations where Expeditors maintains unilateral control over operations, and where the existence of the parent-subsidiary relationship is maintained by means other than record ownership of voting stock.

Expeditors operates 172 district offices in the following geographic areas of responsibility:

- Americas (70)
- North Asia (17)
- South Asia (16)
- Europe (45)
- Middle East, Africa and India (24)

We also maintain branch offices, which are aligned with and dependent upon one district office, where practical benefit is gained by having staff located closer to the customers they are serving. Additionally, we contract with independent agents in locations where we do not have our own offices to provide required services for our existing customers. We have established 35 such relationships worldwide.

At Expeditors, we create our strategy and develop our global products and services; processes; technology; and compliance programs at the corporate level, in order to drive consistency across all levels of the organization. Global consistency and compliance are fundamental to preserving our culture and network of people, processes, technology and locations. We leverage regional and local expertise by staffing our districts principally with local managers and personnel who are from the regions in which they operate and who often have extensive experience in logistics, coupled with a deep understanding of their local market. District offices are responsible for selling and executing Expeditors' products and services directly to customers and are involved in the selection of logistics service providers. Defining our strategy at a global level while executing it at the regional and local levels with customized supply chain solutions enables us to drive consistency and efficiency for our network and customers. We believe that focus on hiring and developing a diverse and talented workforce with an emphasis on exceptional customer service, along with our incentive-based compensation program, enables us to achieve superior financial results and provide for ongoing career advancement opportunities.

Our Culture and Strategy

We believe that our unique culture, at the center of which are our employees, is a critical component to our continued success. We strongly believe that it is nearly impossible to predict events that, individually or in the aggregate, could have a positive or a negative impact on our future operations. As a result, management's focus is on building and maintaining a global corporate culture and an environment where well-trained employees and managers are prepared to identify and react to changes as they develop and thereby help us adapt and thrive as major trends emerge.

Expeditors’ strategic plan is to achieve long-term, sustainable and profitable growth by focusing on the right markets and, within each market, on the right customers that lead to profitable business growth through the aggressive marketing of our service offerings. Innovative solutions, integrated platforms and data quality are vital to achieving a competitive advantage. Our teams are aligned on the specific markets of these focused priorities; on the targeted accounts within those markets; and on ways that we can continue to differentiate ourselves from our competitors. Our key strategic initiatives include:

1. Ensuring that base-line strategies for air, ocean and customs services for every district office and region lead to growth at sustainable and competitive market rates, profits and volumes by services.
2. Growing our business services into and out of Europe, with particular focus on certain defined markets beyond our base-line growth expectations.
3. Growing our customs brokerage offering throughout Asia by leveraging our strength and expertise in customs brokerage services and developing critical talent, processes and tools.

Our chief strategy officer continues to oversee all strategy within Expeditors, with a deep focus on exploring new avenues for innovation, differentiation and expansion.

Global Logistics and Supply Chain Technology

Expeditors has long believed that it is a competitive advantage to focus on organic growth and to utilize a single enterprise technology platform designed and built by logistics technology professionals for logistics professionals. Our technology platform is built on principles of innovation, agility, collaboration, performance and consistency across the Expeditors global network to meet diverse and complex global logistics and supply chain needs. The platform is comprised of proprietary, third party and open-source technologies. We utilize a globally-consistent infrastructure supporting both centralized and distributed technology strategies that incorporate security, disaster recovery and high availability.

Expeditors’ technology platform is designed, coded, tested and implemented by the collaborative efforts of our logistics industry and information technology professionals. Internally developing, maintaining and enhancing technology capabilities is in keeping with Expeditors' long-held belief that it not outsource core functions, with information systems being one of those core functions.

We are not dependent on third parties for developing or enhancing our core transportation technology platforms to address our needs or those of our customers. We utilize internally developed and third-party solutions to perform our customs brokerage services, to address country and regional specifications. We continuously monitor emerging technologies for potential applicability to our business. Expeditors also believes that having a single, uniform, globally-connected platform driving logistics operations and providing comprehensive visibility and advanced analytics creates greater efficiency and value, particularly as the value of timely data and insights into that data are increasingly important. We are continually enhancing our systems, including meaningful upgrades to core operating and accounting systems.

Tailored Solutions

As a non-asset-based logistics services provider, we have considerable flexibility to tailor customer-specific solutions by product. By understanding a customer's logistics and supply chain processes, strategies, and objectives, we identify targeted areas of opportunity for improvement, and deploy the right services and solutions for that customer. These services include our core product offerings of transportation, customs clearance, warehousing and distribution, and order management, along with expertise in supply chain analysis and optimization, trade compliance consulting, cargo insurance, cargo security, and solutions for oversized and heavy-lift freight. Our trained professional employees deliver these services across the globe through our network of district offices using a common technology platform, in conjunction with consistent and efficient operational processes that adhere to the highest standards of compliance while focusing on the individual needs of each customer.

Because Expeditors is in the business of optimizing our customers’ freight logistics and supply chains, we focus our sales and engagement strategies on professionals in logistics and supply chain management roles inside of customer organizations. While we drive our sales strategies at a global level, district management of each office is responsible for its own business development, operations, and service execution. We also employ dedicated account management staff who work with existing customers to improve operations and grow new business opportunities.

What Expeditors Ships

The goods that Expeditors handles are generally a function of the products that dominate international trade between any particular origin and destination. These goods include products from diverse industries, including electronics, high technology, healthcare, aerospace and aviation, manufacturing, oil and energy, automotive, retail consumer goods and fashion. In order to meet customers' complex and industry-specific demands, we utilize industry vertical teams throughout our network that focus on providing tailored solutions to different industries. Industry vertical teams work closely with our regional and district resources to grow our business. No single customer accounts for five percent or more of our revenues.

Expeditors' Services in Detail

The following describes in more detail the operations of each of Expeditors’ services:

Airfreight Services

Airfreight services accounted for approximately 34% and 35% of Expeditors' total revenues in 2024 and 2023, respectively. When performing airfreight services, we typically act either as a freight consolidator or as an agent for the airline that carries the shipment. When acting as a freight consolidator, we purchase cargo capacity from airlines on a volume basis and resell that space to our customers at lower rates than they could obtain directly from airlines on an individual shipment. We then issue a House Airway Bill (HAWB) to our customers as the contract of carriage and separately, we receive a Master Airway Bill from the airline when the freight is physically tendered. When moving shipments between points where the nature or volume of business does not facilitate consolidation, we receive and forward individual shipments as the agent of the airline that carries the shipment. Whether acting as a consolidator or agent, we offer our customers expertise for optimum routing, familiarity with local business practices, knowledge of export and import documentation and procedures, the ability to arrange for ancillary services, and assistance with securing capacity during periods of high demand.

In our airfreight operations, we receive shipments from our customers, determine the routing, consolidate shipments bound for a particular airport distribution point, and select the airline for transportation to the distribution point. At the distribution point, either we or an Expeditors' agent arranges for the consolidated lot to be broken down into its component shipments and for the transportation of the individual shipments to their final destinations.

We estimate that our average airfreight consolidation weighs approximately 3,600 pounds and that a typical consolidation includes merchandise from several shippers. Because shipment by air is relatively expensive compared with ocean transportation, air shipments are generally characterized by a high value-to-weight ratio, the need for rapid delivery, or both.

At the origin, Expeditors typically delivers shipments from one of our warehouses to the airline after consolidating the freight into containers or onto pallets. Normally that shipment will then arrive at the destination distribution point within 48-72 hours from the point of origin. During periods of high demand, available cargo capacity from the scheduled air carriers can be limited and backlogs of freight shipments may occur. When these conditions exist, we may charter aircraft to meet customer demand.

Expeditors consolidates individual shipments based on weight and volume characteristics in cost-effective combinations. Typically, as the weight or volume of a shipment increases, the cost that we charge per pound/kilo or cubic inch/centimeter decreases. The rates charged by airlines also generally decrease as the weight or volume of the shipment increases. As a result, by aggregating shipments and presenting them to an airline as a single shipment, we are able to obtain a lower rate per pound/kilo or cubic inch/centimeter than what is charged for an individual shipment, while generally offering the customer a lower rate than could be obtained directly from the airline for an unconsolidated shipment.

Our airfreight revenues less directly related costs of transportation and other expenses for a consolidated shipment include the differential between the rate that the airline charges Expeditors and the rate that we, in turn, charge our customers, in addition to fees that we charge our customers for ancillary services. Such ancillary services we provide include preparation of shipping and customs documentation, packing, crating, insurance services, and the preparation of documentation to comply with local export laws.

Expeditors' management believes that owning aircraft would subject us to undue business risks, including large capital outlays, increased fixed operating expenses, exposure to volatile fuel prices, problems of fully utilizing aircraft and competition with our service providers - the airlines. Because we rely on commercial airlines to transport our shipments, our business may be adversely affected by changes in carrier financial stability, policies and practices such as pricing, payment terms, scheduling, capacity and frequency of service.

Carriers' financial results will continue to drive their asset acquisition and deployment strategies, which will impact airfreight pricing and capacity. Most of Expeditors' customers are focused on improving supply-chain efficiency, reducing overall logistics costs by negotiating lower rates and utilizing ocean freight whenever possible. We expect these trends to continue in conjunction with carriers' efforts to manage available capacity and the evolution of consumer purchasing behavior, such as online shopping. Changes in available capacity, periods of high or low demand, or other market disruptions has impacted and could continue to impact our buy and sell rates and challenge our ability to maintain historical unitary profitability.

Ocean Freight and Ocean Services

Ocean freight services accounted for approximately 30% and 25% of Expeditors' total revenues in 2024 and 2023, respectively. We operate Expeditors International Ocean, Inc. (EIO), an Ocean Transportation Intermediary, sometimes referred to as a Non-Vessel Operating Common Carrier (NVOCC), which specializes in ocean freight services in most major trade lanes in the world. EIO provides service to and from any location where we have an office or an agent. Ocean freight services are comprised of three basic services: ocean freight consolidation, direct ocean forwarding and order management.

Ocean freight consolidation: As an NVOCC, EIO contracts with ocean shipping lines to obtain transportation for an allocation of containers between various points during a specified time period at an agreed rate. EIO provides full container load services to companies that need access to vessel capacity and flexibility via multiple sailing and service options. Additionally, EIO supports customers that prefer to supplement their carrier strategy with an NVOCC. EIO also leverages the Expeditors global gateway network for the movement of LCL freight for customers needing to ship smaller consignments via ocean. EIO issues a House Ocean Bill of Lading (HOBL) or a House Sea Waybill to customers as the contract of carriage and receives a separate Master Ocean Bill of Lading (MOBL) from the contracted shipping line when freight is physically tendered. Revenues from fees charged to customers for ancillary services that EIO may provide include the preparation of shipping and customs documentation, booking arrangements, packing, crating, insurance services, and the preparation of documentation to comply with local export and import laws. We also charter vessels to support our customers’ special projects needs.

Direct ocean forwarding: When the customer contracts directly with the ocean carrier, EIO acts as an agent of the customer and derives its revenues from handling fees paid by the customer and, in some cases, commissions paid by the carrier. In such arrangements, EIO does not issue a HOBL or House Sea Waybill. Rather, the carrier issues a MOBL directly to the customer who employs EIO to create documentation, manage shipment information and arrange various services to facilitate the shipment of goods. The MOBL shows the customer as the shipper or consignee.

Order management: Order management provides services that manage consolidation of goods at origin, supplier performance, carrier allocation, carrier performance, container management, document management, delivery management and Order/SKU visibility through our web-based portal. Customers have the ability to monitor and report against near real-time status of orders from the date of creation through final delivery. Item quantities, required ship dates, required delivery dates, commodity descriptions, estimated vs. actual ex-factory dates, container utilization, document creation and visibility are many of the managed functions that are visible and reportable via our web-based portal. Order management is available for various modes of transportation, including ocean, air, truck and rail. Order management revenues are derived from services provided to the shipper, as well as management fees associated with managing order execution against customer specific rules. One basic function of order management involves arranging cargo from many suppliers in a particular origin and “consolidating” these shipments into the fewest possible number of containers to maximize space utilization and minimize cost. Through origin consolidation, customers can reduce the number of containers shipped by putting more product in larger and fewer containers.

Multiple carrier acquisitions and alliances have occurred, and certain carriers are entering into onshore services as they pursue scale and additional market share in an effort to improve profitability. Ocean carriers have improved their management of capacity relative to demand in recent years. Carriers also face changes in regulatory requirements such as requiring reductions in the sulfur in marine fuel and the EU emissions trading system, which are increasing their operating and capital costs. Consequently, when the market goes through seasonal peaks or significant disruption and demand exceeds supply, the carriers react by increasing their pricing. This carrier behavior, along with fluctuations in demand, creates pricing volatility that could impact Expeditors' ability to maintain historical unitary profitability.

Expeditors’ pricing is based on contract negotiations each year with our global carrier partners. Our pricing model is flexible. We purchase based on customer needs, and our carrier strategy determines our volume and pricing commitments. Fixed pricing arrangements are entered into for a portion of our forecasted commitments, while spot market pricing arrangements are typically negotiated at the regional and local levels.

We offer our customers multiple sailing options and services globally to meet their changing needs. With fewer global carriers than in the past, maintaining close relationships with our carrier partners allows us to meet our customers’ space requirements throughout the year, including during peak periods.

Customs Brokerage and Other Services

Customs brokerage and other services accounted for approximately 36% and 40% of Expeditors' total revenues in 2024 and 2023, respectively. As a customs broker, we assist our customers in clearing shipments through customs by preparing and filing required information and documentation, calculating and providing for payment of duties and other taxes on behalf of the customer, arranging required inspections by governmental agencies, and providing import services such as pick up, storage and delivery services, including value-added services, at destinations. We provide customs brokerage services in conjunction with transportation services or independently. Expeditors supports regulatory compliance and visibility to the supply chain through process and system controls, technology, and licensed and trained professional oversight. We offer a customized, solutions-based approach to our customers, based on the complexity of their business. Our pricing reflects this complexity and scope, in addition to the number of declarations filed.

We also provide other value-added services within our network, such as warehousing and distribution, Transcon and consulting services. Expeditors' warehousing and distribution services include inventory management, multi-channel order fulfillment, vendor managed inventory programs, and other industry-specific, value-added services. Our warehousing services are generally offered in facilities utilized by multiple customers so that customers may benefit from cost savings related to shared space, labor, equipment and other efficiencies. Expeditors' Transcon consists of intra-continental ground transportation, including time-definite less-than-truck and full-truck solutions. Expeditors responds to customer-driven trade compliance consulting services requests primarily through Tradewin. Fees for these non-transactional services are based upon hourly billing rates and bids for mutually agreed-upon projects.

Human Capital

Opportunities for employees and positive work environment

Expeditors' most important asset is its employees. The cornerstone of our company culture is the professional growth and development of our employees. From the inception of our company, management has inherently understood that the elements required for a successful global service organization can only be assured through recruiting, training and ultimately retaining knowledgeable and experienced personnel. We believe that our greatest challenge is now, and always has been, perpetuating a consistent global corporate culture that requires:

- Total dedication to providing superior customer service;
- Compliance with our policies and procedures and government regulations;
- A positive, safe work environment that is diverse, inclusive and free from discrimination and harassment;
- Ongoing mentoring and development of key employees and management personnel;
- Creation of unlimited advancement opportunities for employees dedicated to hard work, personal growth and continuous improvement with a focus on promotion from within;
- Training, development and engagement programs that ensure that our employees understand and remain connected to Expeditors culture and strategic initiatives;
- Individual commitment to the identification and mentoring of successors for every key position so that when change occurs, a qualified and well-trained internal candidate is ready to step forward;
- Continuous identification, design and implementation of system solutions and differentiated service offerings, both technological and otherwise, that place employees in a position to be successful in meeting and exceeding the needs of customers; and
- Focus on developing processes and technological solutions that maximize the engagement, efficiency and effectiveness of our employees.

We believe in creating and maintaining a positive work environment for employees. That commitment is supported by policies designed to promote fairness and equitable treatment and our supervisors and managers are charged with the responsibility of setting positive examples and providing mentoring with a focus on the importance of compliance. We promote equal employment opportunity and have policies that expressly prohibit unacceptable behaviors, including harassment, intimidation or discrimination of any kind based on race, sex, sexual orientation, gender identity, gender expression, marital status, age, color, religion, creed, national origin, disability, veteran status or any other characteristic protected under applicable law.

To protect our employees, we are committed to maintaining secure business operations globally by following our well-established security standards, maintained and deployed by our Health and Safety team, as well as applicable health and safety laws and regulation. We have mechanisms in place to report accidents, injuries and unsafe working conditions.

As a knowledge-based organization we focus on employees' professional development through regular performance reviews and training, including mandatory trainings related to compliance; ethics, health and security; specific certifications where required to perform certain duties; supervising skills and development of succession plans of key employees.

Compensation and retention

We reinforce these values with a compensation system that rewards employees for profitably managing the things they can control. This incentive-based compensation system has been in place since we became a publicly traded company. There is no limit to how much a key employee can earn for success. We believe in a "real world" environment where the employees of our operating units are held accountable for the profit implications of their decisions. If these decisions result in operating losses, management generally must make up these losses with future operating profits, in the aggregate, before any cash incentive compensation can be earned. Executive management, in limited circumstances, makes exceptions at the district operating unit level. At the same time, our policies, processes and relevant training focus on such things as cargo management, risk mitigation, compliance, sound business decisions, accounts receivable collection, cash flow and credit soundness in an attempt to help managers avoid the kinds of errors that might end a career. To retain the services of highly qualified, experienced, and motivated employees, we place considerable emphasis on our incentive-based compensation programs.

Since our business is service based, we believe that employee retention remains critical to our long-term success. We evaluate our ability to engage and retain employees by monitoring turnover rates, percentage of positions filled internally, and by regularly conducting employee satisfaction surveys to identify opportunities where we can improve.

Geographically diverse workforce

At December 31, 2024, Expeditors employed more than 18,000 people, of which approximately 12,000 were employed in international locations. We believe that focus on hiring and developing a diverse and talented workforce coupled with our incentive-based compensation program, enables us to provide exceptional service and superior financial results. We need to leverage regional and local expertise by staffing our districts principally with local managers and personnel who are from the regions in which they operate and who have extensive experience in logistics, coupled with a deep understanding of their local market. This results in a highly talented, inclusive and multi-cultural global workforce that reflects the diverse regions that we serve. Because our business involves shipments between districts and typically touches more than one geographic area, our success requires a high degree of communication and cooperation among our employees globally.

District Managers are key individuals in our Company, as sales, operational execution and business and expenditure decisions necessary to service our customers are the responsibility of management at each district. The vast majority of our employees are based in our operational districts, geographically distributed as shown below. We have summarized below, the number of employees based on individual headcount as of December 31, 2024, including corporate and information services employees.

	Employee Count as of December 31, 2024
United States	6,350
Other North America	1,550
Latin America	750
North Asia	2,250
South Asia	1,750
Europe	3,850
Middle East, Africa and India	1,900
Total	18,400

Competition

The global logistics services industry is intensely competitive and is expected to remain so for the foreseeable future. There are a large number of companies competing in one or more segments of the industry, but the number of firms with a global network that offer a full complement of logistics services is more limited. Certain air and ocean carriers periodically enter into onshore services as they pursue more profitable and less commoditized market segments to provide balance against their incumbent asset-based offerings. Further, there are new technology-based competitors that have entered the industry with substantial capital funding, with the intent to compete on a global level. Some of our competitors have significantly more resources than Expeditors. Depending on the location of the shipper and the importer, Expeditors must compete against both the niche players and larger entities. The industry continues to experience consolidations into larger firms striving for stronger and more complete multinational and multi-service networks. However, regional and local competitors still maintain a strong presence in certain markets.

The primary competitive factors in the global logistics services industry continue to be price and quality of service, including reliability, responsiveness, expertise, convenience and scope of operations. Expeditors emphasizes quality customer service, underscored by a strong commitment to compliance, and believes that our prices are market competitive.

Larger customers utilize the services of multiple logistics providers and implement sophisticated and efficient procedures for the management of their logistics and supply chains by embracing strategies such as just-in-time delivery, network optimization, transportation flow optimization, and process improvement. Accordingly, timely and accurate data integrated into customer service capabilities is a significant factor in attracting and retaining customers. Expeditors supports our customers in these strategies through digital products that provide quoting, booking, freight tracing and tracking, customized reporting, data analytics, and solution modeling/simulation/optimization. We can further extend support for these customer strategies through our order management and customs brokerage products and related digital solutions. These digital solutions can be enabled through Electronic Data Interface (EDI), Application Programming Interfaces (API), and browser-based web applications or mobile applications.

Supply chain disruptions stemming from various factors, including geopolitical tensions and port labor disruptions impact our customers across different industries. As a result, many companies explore options to build a strategy around supply chain resiliency, agility, sourcing, and inventory optimization. While our customers’ supply chain strategies may evolve, we believe that the industry will remain highly competitive with a mix of large, niche, and new entrants, competing aggressively for customers’ business.

Expeditors' management believes that the ability to develop and deliver innovative solutions to meet our customers’ increasingly sophisticated supply chain requirements is a critical factor in our ongoing success. We devote significant resources towards the maintenance and enhancement of technology and digital solutions in order to meet these customer demands. Management believes that our existing systems are competitive with the systems currently in use by other logistics services companies with which we compete. We continue to monitor the evolving features and capabilities of new technologies such as artificial intelligence.

Unlike many of our competitors, who have tended to grow by merger and acquisition, Expeditors operates fully integrated transportation, customs brokerage, and accounting systems, running on a common hardware platform, in all districts. Small and middle-tier competitors, in general, do not have the resources available to develop and integrate these customized systems. Historically, growth through aggressive acquisition has proven to be a challenge for many of our competitors and typically involves the purchase of significant “goodwill.” In contrast, Expeditors has pursued a strategy emphasizing organic growth supplemented by select strategic acquisitions.

Dependence on Service Providers

In addition, our ability to provide services to our customers is highly dependent on good working relationships with a variety of entities, including airlines, ocean carrier lines, ground transportation providers and governmental agencies. The significance of maintaining acceptable working relationships with these entities has gained increased importance as a result of ongoing concerns over terrorism, security, changes in governmental regulations and oversight of international trade. We use a consistent approach in selecting and managing service providers across all of our product offerings, beginning with a rigorous qualification and risk-based diligence process. We select and engage with best-in-class, compliance-focused, efficiently run, growth-oriented partners, based upon defined value elements and are intentional in our relationship and performance management activity, reinforcing success by awarding service providers who consistently achieve at the highest levels with additional business. We consider our current working relationships with these entities to be satisfactory. However, changes in the financial stability and operating capabilities and capacity of asset-based carriers, capacity allotments available from carriers, governmental regulation or deregulation efforts, modernization of the regulations governing customs brokerage, and/or changes in governmental restrictions, quota restrictions or trade accords could affect our business in unpredictable ways.

Currency and Inflation

Our worldwide operations require that we transact in a multitude of currencies other than the U.S. dollar. That exposes us to the inherent risks of volatile international currency markets and governmental interference. Some of the countries where we maintain offices and/or have agency relationships maintain strict currency control regulations that influence our ability to hedge foreign currency exposure. We try to compensate for these exposures by accelerating international currency settlements among our offices or agents.

Historically, our business has not been adversely affected by inflation. Beginning in 2021 and continuing into 2024, many countries, including the United States experienced increasing levels of inflation. As a result, our business experienced rising labor costs, significant service provider rate increases, higher rent and occupancy and other expenses. Due to the high degree of competition in the marketplace we may not be able to increase our prices to our customers to offset this inflationary pressure, which could lead to an erosion in our margins and operating income in the future. Conversely, raising our prices to keep pace with inflationary pressure may result in a decrease in volume and customer demand for our services. As we are not required to purchase or maintain extensive property and equipment and have not otherwise incurred substantial interest rate-sensitive indebtedness, we currently have limited direct exposure to increased costs resulting from increases in interest rates.

There is uncertainty as to how future regulatory requirements and volatility in oil prices will continue to impact future buy rates. Because fuel is an integral part of carriers' costs and impacts both our buy rates and sell rates, we would expect our revenues and costs to be impacted as carriers adjust rates for the effect of changing fuel prices. To the extent that future fuel prices increase, and we are unable to pass through the increase to our customers, fuel price increases could adversely affect our operating income.

Seasonality

Historically, our operating results have been subject to seasonal demand trends, with the first quarter being the weakest and the third and fourth quarters being the strongest; however, there is no assurance that this seasonal trend will occur in the future or to what degree it will be impacted by an uncertain economy. This historical pattern has been the result of, or influenced by, numerous factors, including weather patterns, national holidays, consumer demand, new product launches, just-in-time inventory models, economic conditions, pandemics, governmental policies, inter-governmental disputes and a myriad of other similar and subtle forces. We cannot accurately forecast many of these factors, nor can we estimate accurately the relative influence of any particular factor and, as a result, there can be no assurance that historical patterns will continue in future periods.

Government Regulations

Transportation and Customs Brokerage

With respect to activities in the air transportation industry in the United States, Expeditors is subject to regulation by the Transportation Security Administration (TSA) of the Department of Homeland Security (DHS) as an indirect air carrier. All United States indirect air carriers must maintain prescribed security procedures and are subject to periodic audits by TSA. Our overseas offices and agents are licensed as airfreight forwarders in their respective countries of operation. Each Expeditors office is licensed, or, in the case of our newer offices, has applied for a license as an airfreight forwarder from the International Air Transport Association (IATA), a voluntary association of airlines and air transport related entities that prescribes specific operating procedures for airfreight forwarders acting as agents for its members. The majority of our airfreight forwarding business is conducted with airlines that are IATA members.

Expeditors is licensed as an Ocean Transportation Intermediary (OTI) (sometimes referred to as an NVOCC) by the Federal Maritime Commission (FMC). The FMC has established specific qualifications for shipping agents, including certain surety bonding requirements. The FMC is also responsible for the economic regulation of OTI/NVOCC activity originating or terminating in the United States. To comply with these economic regulations, OTI/NVOCCs, such as Expeditors, must file tariffs electronically, establishing the rates to be charged for the movement of specified commodities into and out of the United States. The FMC has the power to enforce these regulations by assessing penalties.

Expeditors is licensed as a customs broker by the Customs and Border Protection (CBP) agency of DHS, nationally and in each U.S. customs district in which we do business. All United States customs brokers must maintain prescribed records and are subject to periodic audits by CBP. In other jurisdictions in which Expeditors performs customs clearance services, we are licensed by the appropriate governmental authority where such license is required to perform these services. Expeditors participates in various governmental supply chain security programs, such as the Air Cargo Advance Screening (ACAS), the Customs Trade Partnership Against Terrorism (CTPAT) in the United States and Authorized Economic Operator (AEO) programs in other countries. Additionally, Expeditors is subject to additional regulatory and licensing requirements in the countries where we operate.

Business operations

We do not believe the current United States and foreign governmental regulations impose significant economic restraint upon our business operations. In general, Expeditors conducts business activities in each country through a wholly or majority-owned subsidiary corporation that is organized and existing under the laws of that country. However, the regulations of foreign governments can impose barriers to our ability to provide the full range of our business activities in a wholly or majority United States-owned subsidiary. For example, foreign ownership of a customs brokerage business is prohibited in some jurisdictions. Less frequently, the ownership of the licenses required for freight forwarding and/or freight consolidation is restricted to local entities. When we encounter this sort of governmental restriction, we work to establish a legal structure that meets the local regulations' requirements while also providing the substantive operating and economic advantages available in the absence of such regulation. This can be accomplished by creating a joint venture or exclusive agency relationship with a qualified local entity that holds the required license.

Geopolitical risks, along with the continuing global threats from pandemics, terrorism, cyber-attacks, smuggling, wars, and governments' overriding concern for the safety of passengers and citizens who import and export goods into and out of their respective countries, have resulted in a proliferation of cargo security and other regulations. Many of these regulations are complex and require varying degrees of interpretation. While these regulations have already created a marked difference in the security and other arrangements necessary to move shipments around the globe, regulations are expected to become more stringent in the future. As governments look for ways to tighten border controls and attempt to mitigate criminal elements and potential terror-related incidents, our competitors in the transportation business and we may be required to incorporate security and other procedures within our respective scope of services to a far greater degree than has been required in the past. We believe that increased security and additional requirements may involve further investments in technology and more sophisticated screening procedures being applied to cargo, customers, vendors, and employees.

Environmental

In the United States, we are subject to Federal, state, and local laws aimed at protecting the environment, including provisions regulating the discharge of materials and emissions into the environment. Similar laws apply in many other jurisdictions in which we operate. Although our current operations have not been significantly affected by compliance with these environmental laws, an increasing number of governments, service providers and customers are becoming sensitive to environmental issues.

While further government regulation related to climate change is either under consideration or being implemented by various levels of governments internationally and in the United States, Expeditors is committed to systematic efforts to reduce the impact of our operations on the environment and assisting our customers in their efforts to reduce their carbon footprint. We have employee-led Green Teams which cover most of our local district offices and are responsible for projects focused on environmental sustainability, including reducing waste, energy consumption, and Expeditors' Scope 1 and Scope 2 greenhouse gas (GHG) emissions (as defined by the Greenhouse Gas Protocol, Scope 1 emissions include all direct GHG emissions from sources that are owned or controlled by the company; Scope 2 includes indirect GHG emissions from the generation of purchased electricity, heat or steam consumed by the company). We have voluntarily disclosed our Scope 1 and Scope 2 emissions data to CDP since 2010.

We cannot predict what impact future environmental regulations may have on our business. We monitor climate-related risks and opportunities through our engagement with our customers and service providers and through our active participation in key initiatives and organizations focused on climate. For example, we are a SmartWay partner company in the United States. SmartWay is a voluntary public-private program sponsored by the U.S. Environmental Protection Agency (EPA) for tracking, documenting, and sharing information about fuel use and freight emissions across supply chains.

Cargo and Customs Brokerage Liability

When acting as an airfreight consolidator, Expeditors assumes a carrier's liability for lost or damaged shipments. This legal liability is typically limited by contract to the lower of the value of the goods or the released value (26 Special Drawing Rights [SDRs] per kilo unless the customer declares a higher value and pays a surcharge), except in the absence of an appropriate airway bill. The airline that we utilize to make the actual shipment is generally liable to us in the same manner and to the same extent. Generally, when acting solely as the agent of the shipper, we do not assume any contractual liability for loss or damage to shipments tendered to the carrier.

When acting as an ocean freight consolidator, Expeditors assumes a carrier's liability for lost or damaged shipments. This legal liability is typically limited by contract to the lower of the value of the goods or the released value (generally between $500 and 667 SDRs per package or customary freight unit unless the customer declares a higher value and pays a surcharge). The ocean carrier that we utilize to make the actual shipment is generally liable to us in the same manner and to the same extent. Generally, we do not assume liability for lost or damaged shipments in our ocean freight forwarding and customs clearance operations.

When providing ground transportation services as a carrier, Expeditors assumes a carrier's liability for lost or damaged shipments. This legal liability is typically limited by contract to the lower of the value of the goods or the released value (generally between $0.50 per pound and 8.33 SDRs per kilo, although the released value can vary from country to country) unless the customer declares a higher value and pays a surcharge. The ground carrier that we utilize to make the actual shipment is generally liable to us in the same manner and to the same extent.

When providing warehousing and distribution services, our legal liability is limited by contract and tariff to an amount generally equal to the lower of the value of the goods or $0.50 per pound with a maximum of $50 per "lot" — which is defined as the smallest unit that the warehouse is required to track.

When providing customs brokerage services, Expeditors does not assume liability for lost or damaged shipments because we do not maintain care, custody, or control over the goods in our capacity as a customs broker. Our liability for customs brokerage services is limited by contract to an amount generally equal to the lower of $50 per customs entry or the amount of brokerage fees paid to Expeditors for the customs entry.

We maintain cargo legal liability insurance covering claims for losses attributable to missing or damaged shipments for which we are legally liable. Expeditors also maintains legal liability insurance coverage for the property of others that is stored in our warehouse facilities. This insurance coverage is provided by a Vermont, U.S.-based insurance entity wholly owned by Expeditors. The coverage is fronted and re-insured by a global insurance company. The total risk retained by Expeditors in 2024 was $5 million. In addition, we are licensed as an insurance broker through our subsidiary, Expeditors Cargo Insurance Brokers, Inc., and place cargo insurance coverage for other customers. In certain circumstances, Expeditors will assume additional limited liability.

Information about our Executive Officers

The following table sets forth the names, ages, and positions of current executive officers of our company.

Name	Age	Position
Jeffrey S. Musser	59	President, Chief Executive Officer and Director
Daniel R. Wall	56	President, Global Geographies and Operations
Blake R. Bell	53	President, Global Business Development
Kelly K. Blacker	52	President, Global Products
Bradley S. Powell	64	Senior Vice President and Chief Financial Officer
Courtney A. Hawkins	50	Senior Vice President and Chief Information Officer
Benjamin G. Clark	56	Senior Vice President, Global Enterprise Services and Chief Strategy Officer
Jeffrey F. Dickerman	49	Senior Vice President, General Counsel and Corporate Secretary

Jeffrey S. Musser joined Expeditors in February 1983 and was promoted to District Manager in October 1989. Mr. Musser was elected to Regional Vice President in September 1999, Senior Vice President - Chief Information Officer in January 2005 and to Executive Vice President and Chief Information Officer in May 2009. On December 19, 2013, Mr. Musser was appointed as President and Chief Executive Officer and was elected by the Board of Directors as a director, effective March 1, 2014. On February 17, 2025, Mr. Musser notified the Board of Directors of his plans to retire and step down from the Board of Directors, effective March 31, 2025.

Daniel R. Wall joined Expeditors in March 1987 and was promoted to District Manager in May 1992 and Global Director - Account Management in March 2002. Mr. Wall was elected Vice President – ECMS (Order Management) in January 2004 and Senior Vice President - Ocean Services in September 2004. Mr. Wall was appointed as President, Global Products in June 2015, and as President, Global Services, effective January 1, 2023. In October 2023, Mr. Wall was named President, Global Geographies and Operations, effective January 1, 2024. On February 17, 2025, the Board of Directors elected Mr. Wall to President and Chief Executive Officer effective April 1, 2025. Mr. Wall will be appointed to the Board of Directors.

Blake R. Bell joined Expeditors in September 1995 and was promoted to District Manager in January 2001. Mr. Bell was elected to Regional Vice President in May 2014, and Senior Vice President of Global Transcon in October 2015. On February 17, 2023, Mr. Bell was promoted as President, Global Products and was appointed as President, Global Services, effective January 1, 2024. Effective January 1, 2025, Mr. Bell was appointed President, Global Business Development.

Kelly K. Blacker joined Expeditors in 1994 and was promoted to New York Branch Manager in 2001, Columbus District Manager in 2004, Memphis District Manager in 2007, and Atlanta District Manager in 2011. Ms. Blacker was named Regional Vice President of the U.S. Mid-Atlantic region in 2015, and Senior Vice President of Global Air in May 2020. In November 2023, Ms. Blacker was appointed President, Global Products, effective January 1, 2024.

Bradley S. Powell joined Expeditors as Chief Financial Officer in October 2008 and was elected Senior Vice President and Chief Financial Officer in February 2012. Prior to joining Expeditors, Mr. Powell served as President and Chief Financial Officer of Eden Bioscience Corporation, a publicly-traded biotechnology company, from December 2006 to September 2008 and as Vice President and Chief Financial Officer from July 1998 to December 2006.

Courtney A. Hawkins joined Expeditors as Senior Vice President and Chief Information Officer in September 2024, having previously served as Senior Vice President of Customer & Retail Technology for Starbucks Corporation since 2023. From 2021 to 2023, Ms. Hawkins served as Chief Technology Officer for Zulily, Inc. From 2014 to 2021, Ms. Hawkins served in various technology vice president roles with NIKE, Inc., Starbucks Corporation, and Nordstrom, Inc.

Benjamin G. Clark joined Expeditors in February 2015 as Senior Vice President and General Counsel, was appointed Corporate Secretary in May 2015 and was appointed to Chief Strategy Officer in January 2020. In January 2025, he was appointed Senior Vice President – Global Enterprise Services and Chief Strategy Officer. From 2002 through 2014, Mr. Clark served as Deputy General Counsel for Celanese Corporation, and in various progressively senior roles within Honeywell International, Inc.

Jeffrey F. Dickerman joined Expeditors in October 2004 as Associate Corporate Counsel and became Corporate Counsel in 2007. Mr. Dickerman became Director, Global Legal Services in 2011 and Vice President and Associate General Counsel in 2015. In 2019, Mr. Dickerman became Vice President, Deputy General Counsel. In January 2020, Mr. Dickerman was appointed to Senior Vice President, General Counsel and was appointed Corporate Secretary in May 2020. Prior to joining Expeditors, Mr. Dickerman was an Associate Attorney at Stoel Rives LLP.

Available Information

Our internet address is *http://www.expeditors.com*. We make available free of charge through our internet website Expeditors' annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (SEC). These reports are also available on the SEC's website at *https://www.sec.gov*. The information contained on or accessible through Expeditors' website is not a part of this Annual Report on Form 10-K.

ITEM 1A – RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the following factors, which could materially affect our business, financial condition or results of operations in future periods. The risks described below are not the only risks facing our Company. Additional risks not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or results of operations in future periods.

Industry Risks

Any reduction in international commerce or disruption in global trade may adversely impact our business and operating results.

Expeditors primarily provides services to customers engaged in international commerce. Everything that affects international trade has the potential to expand or contract our primary markets and adversely impact our operating results. For example, international trade is influenced by:

- currency exchange rates and currency control regulations;
- interest rate fluctuations;
- changes and uncertainties in governmental policies and inter-governmental disputes, which could result in increased tariff rates, quota restrictions, trade barriers and other types of restrictions;
- changes in and application of international and domestic customs, trade and security regulations;
- wars, strikes, civil unrest, acts of terrorism, and other conflicts;
- changes in labor and other costs, including the impacts of inflation;
- increased global concerns regarding working conditions and environmental sustainability;
- changes in consumer attitudes regarding goods made in countries other than their own;
- changes in availability of credit; and
- changes in the price and readily available quantities of oil and other petroleum-related products.

Our industry is highly competitive, and failure to compete or respond to customer requirements could damage our business and results of operations.

The global logistics services industry is intensely competitive and is expected to remain so for the foreseeable future. There are a large number of companies competing in one or more segments of the industry, but the number of firms with a global network that offer a full complement of logistics services is more limited. Nevertheless, many of these competitors have significantly more resources than Expeditors and may pursue acquisition opportunities and are developing new technologies to gain competitive advantages. Depending on the location of the shipper and the importer, we must compete against niche players, larger entities including carriers, and emerging technology companies. The primary competitive factors are price and quality of service. Many larger customers utilize the services of multiple logistics providers. Customers regularly solicit bids from competitors in order to improve service and to secure favorable pricing and contractual terms such as: longer payment terms; fixed-price arrangements; higher or unlimited liability limits; broad indemnity undertakings; heightened cybersecurity and data privacy obligations; and performance penalties. Increased competition and competitors' acceptance of expanded contractual terms coupled with customers' dissatisfaction with elevated rates, scarce capacity, and extended transit times could result in loss of business, reduced revenues, reduced margins, higher operating costs or loss of market share, any of which would damage our results of operations, cash flows and financial condition.

Operational Risks

We are dependent on our personnel and any inability to hire, develop or retain our key employees may have a negative impact on our operations.

In the long term, identifying, recruiting, hiring, training, and retaining employees is essential to our ability to operate and deliver our services, our ability to grow and ultimately our future profitability. We require employees to work in the office, while other companies may allow fully or partially remote-work policies. As a result of those individuals who prefer working remotely, we may experience a higher degree of turnover of employees and this could inhibit our ability to identify, recruit, and hire new employees over time. Additionally, we may incur higher compensation-related expense to recruit and retain employees and incur additional significant expense to hire third parties to perform tasks that have historically been performed by our employees.

We believe that our compensation programs are among the unique characteristics responsible for differentiating our performance from that of many of our competitors. Significant changes to compensation programs or significant declines in our operating income or operating losses could impact our ability to attract and retain key personnel.

Effective succession planning is an important element of our programs. Failure to ensure an effective transfer of knowledge and smooth transitions involving key employees could adversely affect our business by hindering our ability to execute our business strategies and impacting our level of service. We must continue to develop and retain management personnel to address issues of succession planning.

We cannot predict how management’s responses to these challenges will ultimately impact our Company culture, financial position, results of operations and cash flows or our ability to successfully attract and retain key employees in the future.

We rely heavily upon the flexibility and sophistication of the technologies used in our core business and failure to properly manage, enhance and update technologies could lead to disruptions in our operations or our ability to remain competitive.

Expeditors relies heavily and must compete based upon the flexibility and sophistication of the technologies utilized in performing our core businesses. Future results depend on our success in developing competitive and reliable systems to address the needs of our customers and suppliers. Development and maintenance of these systems must be accomplished in a cost-effective manner and support the use of secure protocols, including integration and availability of third-party technology. We are continually improving and enhancing our systems and processes, including meaningful upgrades to core operating and accounting systems and remediation of internal control deficiencies. These efforts are inherently complex and, if not managed properly, could lead to disruptions in our operations or our ability to remain competitive.

Any significant disruptions or unapproved third-party access to our network and systems continuity could have an adverse impact to our business and financial results.

As our employees, our customers and suppliers continue to increase reliance on systems, and as additional features are added, the risks also increase. Any significant disruptions or unapproved third-party access to our global systems or the internet for any reason, which could include equipment or network failures; co-location facility failures; power outages; sabotage; government interference, employee error or other actions; cyber-attacks or other security breaches; reliance on third party technology; geo-political activity or natural disasters; all of which could have a material negative effect on our results. In February 2022, we were the subject of a targeted cyber-attack. Upon discovering the incident, we shut down most of our operating systems globally to manage the safety of our overall global systems environment. This shutdown and any such future events are likely to result in loss of revenue; business disruptions (such as the inability to timely process shipments); and significant remediation costs. This cyber-attack, or any future cyber-attack could also result in increased vulnerability to attempts of fraud, legal claims and proceedings including potential breach of contract claims, reporting delays or errors; interference with regulatory reporting; an increase in costs to protect our systems and technology; or damage to our reputation. A future cyber-attack may also result in the destruction or exfiltration of our data as well as that of our customers and service providers.

We rely on service providers, including air, ocean, ground freight carriers and others and if they have insufficient capacity available relative to market demand or have reduced capacity to provide service, it may adversely impact our business and operating results.

As a non-asset-based provider of global logistics services, Expeditors depends on a variety of carriers and other service providers, including air, ocean and ground freight carriers. Our ability to deliver our services depends on service providers having sufficient capacity available to purchase. The quality and profitability of our services depend upon effective selection and oversight of our service providers. When market demand significantly exceeds available capacity in a given market, we may not always be able to find acceptable transportation or other service solutions to meet our customers' needs, or the routing and delivery of freight may be subject to delays that are outside of our control. Quality customer service is a key element of the Company's success, and such challenges in meeting our customers' needs and requirements may result in loss of business. Major disruptions to carriers' operations, such as caused by a global health emergency, could place significant stress on our air, ocean and freight ground carriers, as well as other service providers, which may result in reduced carrier capacity or availability, pricing volatility or more limited carrier transportation schedules and other services that we utilize, which could adversely impact our operations and financial results.

Failure to grow and gain profitable market share could adversely impact our ability to remain competitive and could adversely impact our business.

Expeditors has historically relied primarily upon organic growth and has tended to avoid growth through acquisition. Future results will depend upon our ability to anticipate and adapt to constantly evolving supply chain requirements and innovations. To continue to grow organically, we must gain profitable market share in a highly competitive environment and successfully develop and market new service offerings. When investment opportunities arise, our success could be dependent on our ability to evaluate and integrate acquisitions.

Any disruption of our business caused by a catastrophic event could harm our ability to conduct normal business operations and impact our operating results.

A disruption or failure of Expeditors' systems or operations in the event of a major earthquake, weather event, cyber-attack, terrorist attack, strike, civil unrest, mass population dislocation, pandemic or other catastrophic event could cause delays in providing services or performing other mission-critical functions. Our corporate headquarters and certain other critical business operations are in the Puget Sound area of Washington, which is near major earthquake faults. A catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems could harm our ability to conduct normal business operations and our operating results. See "Any significant disruptions to our network and systems continuity could have an adverse impact to our business and financial results" above.

We face risks associated with the handling, transporting, and storing of customer inventory including classified dangerous goods and high value commodities.

Under some of our agreements, we maintain and transport the inventory of our customers, some of which may be classified as dangerous goods or high value in nature. Our failure to properly handle and safeguard such inventory exposes us to potential claims and expenses as well as harm to our business and reputation.

Our insurance coverage does not cover all potential losses and significant uninsured losses could adversely impact our financial results.

We carry insurance coverage for property damage, personal injury and other insurable events resulting from certain events such as fire, accidents, and other perils under extended coverage policies. Our insurance coverages contain policy specifications and insured limits customarily carried for similar locations, business activities and markets. Though we believe we are adequately insured, certain losses, including losses from floods, earthquakes, acts of war, acts of terrorism or riots, cybersecurity events and pandemics, generally are not insured against or not fully insured against because it is not deemed economically feasible or prudent to do so. In some instances, the value of our customers' goods stored in a single facility or contained in a single shipment may be high in nature and may exceed our general property damage insurance policy limits. If an uninsured loss or a loss in excess of insured limits occurs with respect to one or more of our facilities in the future, we could experience a significant loss of assets, including customer inventory (inclusive of high value commodities), and future operations could be harmed resulting in a loss of revenues or higher claims and operating expenses.

Furthermore, we cannot be sure that the insurance companies will be able to continue to offer products with sufficient coverage at commercially reasonable rates. If we experience a loss that is uninsured or that exceeds insured limits, then we could incur additional expenses or a loss of future revenues from a facility that is damaged. Any such losses or higher insurance costs could adversely affect our business.

Difficulty in forecasting timing or volumes of customer shipments or rate changes by carriers could adversely impact our margins and operating results.

Expeditors is not aware of any accurate means of forecasting short-term customer requirements. However, long-term customer satisfaction depends upon our ability to meet these unpredictable short-term customer requirements. Personnel costs, our single largest expense, are always less flexible in the very near term as we must staff to meet uncertain demand. As a result, short-term operating results could be disproportionately affected.

A significant portion of Expeditors' revenues is derived from customers in retail and technology industries whose shipping patterns are tied closely to consumer demand, and from customers in industries whose shipping patterns are dependent upon just-in-time production schedules. Therefore, the timing of our revenues is, to a large degree, impacted by factors out of our control, such as a sudden change in consumer demand for retail goods, changes in trade tariffs, product launches and/or manufacturing production delays. Additionally, many customers ship a significant portion of their goods at or near the end of a quarter, and therefore, we may not learn of a shortfall in revenues until late in a quarter. To the extent that a shortfall in revenues or earnings was not expected by securities analysts or investors, any such shortfall from levels predicted by securities analysts or investors could have an immediate and adverse effect on the trading price of our stock.

Volatile market conditions can create situations where rate increases charged by carriers and other service providers are implemented with little or no advance notice. We often cannot pass these rate increases on to our customers in the same time frame, if at all. As a result, our yields and margins can be negatively impacted.

Climate change, including measures to address climate change, could adversely impact our business and financial results.

The long-term effects of climate change are difficult to predict and may be widespread. The impacts of climate change may include physical risks (such as rising sea levels, which could affect port operations or frequency and severity of extreme weather conditions, which could disrupt our operations and damage cargo and our facilities), compliance costs and transition risks (such as increased regulation and taxation to support carbon emissions reduction investments), shifts in customer demands (such as customers requiring more fuel efficient transportation modes or transparency to carbon emissions in their supply chains) and customer contractual requirements around environmental initiatives (such as greenhouse gas emission reduction target setting) and other adverse effects. Our non-asset-based model gives us a flexibility and an ability to change locations, modes, and carriers based on evolving operating conditions. However, such impacts may disrupt our operations by adversely affecting our ability to procure services that meet regulatory or customer requirements, depending on the availability of sufficient appropriate logistics solutions.

In addition, the increasing concern over climate change has resulted and may continue to result in more regulations relating to climate change, including regulating greenhouse gas emissions, restrictions on modes of transportation, alternative energy policies and sustainability initiatives, such as the FuelEU Maritime initiative or the EU Emissions Trading System. If, in the United States or in any other jurisdictions in which we operate, legislation or regulations are enacted or promulgated that impose more stringent restrictions and requirements than our current legal or regulatory obligations, we may experience disruptions in, or increases in the costs associated with delivering our services, which may negatively affect our results of operations, cash flows and financial condition.

Government Regulation and Tax Risks

We are subject to a complex regulatory environment, and failure to comply with and adapt to these regulations could result in penalties or otherwise adversely impact our business.

Expeditors is affected by ever increasing regulations from a number of sources in the United States and in foreign locations in which we operate. Many of these regulations are complex and require varying degrees of interpretation, including those related to handling dangerous and hazardous materials, trade compliance, data privacy, environmental, employment, compensation and competition, and may result in unforeseen costs.

In reaction to the continuing global terrorist threat, governments around the world are continuously enacting or updating security regulations. These regulations are multi-layered, increasingly technical in nature and characterized by a lack of harmonization of substantive requirements among various governmental authorities. Furthermore, the implementation of these regulations, including deadlines and substantive requirements, can be driven by regulatory urgencies rather than industry's realistic ability to comply.

Failure to consistently and timely comply with these regulations, or the failure, breach or compromise of our policies and procedures or those of our service providers or agents, may result in increased operating costs, damage to our reputation, difficulty in attracting and retaining key personnel, restrictions on operations or fines and penalties.

We operate globally and any inability to safeguard our operations or comply with anti-corruption laws and trade compliance regulations would adversely impact our reputation and business.

A material portion of Expeditors' revenues and operating income comes from operations conducted outside the United States. To maintain a global service network, we may be required to operate in hostile locations and in dangerous situations. Doing business in foreign locations also subjects us to a variety of risks and considerations not normally encountered by domestic enterprises.

In addition, we operate in parts of the world where common business practices could constitute violations of the anti-corruption laws, rules, regulations and decrees of the United States and of other countries in which we conduct business, including the U.S. Foreign Corrupt Practices Act as well as trade and exchange control laws, or laws, regulations and Executive Orders imposing embargoes and sanctions; and anti-boycott laws and regulations. Compliance with these laws, rules, regulations and decrees is dependent on our employees, service providers, agents, third party brokers and customers, whose individual actions could violate these laws, rules, regulations and decrees. Failure to comply could result in substantial penalties and additional expenses, damage to our reputation and restrictions on our ability to conduct business.

We are subject to taxation in multiple jurisdictions, and although we believe our tax estimates are reasonable, any adverse determinations in tax audits could negatively impact our financial results.

Expeditors is subject to income and non-income taxation in the United States (Federal, state and local) as well as many foreign jurisdictions including the People’s Republic of China, including Hong Kong, Taiwan, Vietnam, India, Mexico, Canada, Netherlands and the United Kingdom. In many of these jurisdictions, the tax laws are very complex and are open to different interpretations and application. Tax authorities frequently implement new taxes and change their tax rates and rules, including interpretations of those rules. The Organization for Economic Cooperation and Development (OECD) reached agreement among various countries to implement a minimum 15% tax rate on certain multinational enterprises, commonly referred to as Pillar Two. Many countries continue to announce changes in their tax laws and regulations based on the Pillar Two proposals. We are continuing to evaluate the impact of these proposed and enacted legislative changes as new guidance becomes available. Some of these legislative changes could impact our effective tax rate and tax liabilities. Given the numerous proposed tax law changes and the uncertainty regarding such proposed legislative changes, the impact of Pillar Two cannot be determined at this time.

The timing of the resolution of income and non-income tax examinations can be highly uncertain, and the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities, may differ significantly from the amounts recorded. It is reasonably possible that within the next twelve months we will undergo further audits and examinations by various tax authorities and possibly may reach resolution related to income tax examinations covering one or more jurisdictions and years. In recent years, the United States and other foreign governments have made significant changes to tax laws, and more changes are anticipated in future periods. Often, those changes are subject to the issuance of new regulations and interpretations, which adds complexity and uncertainty in calculating tax liabilities.

We are regularly under audit by tax authorities, including transfer pricing inquiries. The Indian tax authority (ITA) has asserted that additional tax applies principally related to transfer pricing and transactions between and amongst the Company and its Indian subsidiary and the applicability to an Indian service tax applicable to ocean and air imports and exports. We believe that ITA’s positions are without merit, and we are defending our position vigorously in Indian courts. If these matters are adversely resolved, we would recognize significant additional tax expense including interest and penalties. Although we believe our tax estimates are reasonable, the final determination of tax audits, including any potential penalties and interest, could be materially different from our tax provisions and accruals and negatively impact our financial results. We cannot currently provide an estimate of the range of possible outcomes.

Current economic and political conditions make tax laws and regulations, or their interpretation and application, in any jurisdiction subject to significant change. Changes in tax laws or statutory tax rates, competing tax regimes, variability in the mix of pretax earnings we generate in the U.S, as compared to other countries, or new taxes in the United States or foreign jurisdictions could result in additional tax liabilities, or increased volatility in our effective tax rate and total tax expense.

General Risks

Investigations and litigation could require management time and or to incur substantial legal costs or fines, penalties or damages, any of which could adversely impact on our financial results.

As a multinational corporation, Expeditors is subject to formal or informal investigations from governmental authorities or others in the countries in which we do business. In addition, we may become subject to civil litigation with our customers, service providers and other parties with whom we do business. These investigations and litigation may require significant management time and could cause us to incur substantial additional legal and related costs, which may include fines, penalties or damages that could have a materially adverse impact on our financial results.

Global health emergencies on the scale of the COVID-19 pandemic may significantly impact worldwide economic conditions and global trade and can have a disruptive effect on our operations, and the operations of our service providers and our customers, which may impact our business.

We may be impacted by a global health emergency, similar to the scale of what we experienced during the COVID-19 pandemic. Significant global health emergencies may prompt governments around the world to mandate lockdowns and implement other restrictions that can have a direct impact on international trade. Such government restrictions may contribute to shortages of both labor and capacity and increase costs that impact our operations. Any significant global health emergency on the scale of the COVID- 19 pandemic could negatively affect our business and our financial results. Such a disruptions could also have the effect of heightening many of the other risks described above.

We identified material weaknesses in our internal control over financial reporting related to ineffective information technology general controls which, if not remediated appropriately or timely, could result in loss of investor confidence and adversely impact our stock price.

Internal controls related to the operation of technology systems are critical to maintaining adequate internal control over financial reporting. As disclosed in Part II, Item 9A, during the fourth quarter of 2022, management identified material weaknesses in internal control related to certain database changes made to information technology (IT) systems that support the Company's financial reporting processes. As management continued the remediation process and reviews, we identified additional IT controls that were not designed or operated appropriately that relate to these material weaknesses. Management concluded that unauthorized access and changes to databases and related applications could have gone undetected as controls to review and authorize access and direct changes that support several key operational and accounting systems excluded certain changes from review or were not captured, and as such were either not designed properly or did not operate effectively as designed. In addition, the system logic used to record direct changes excluded certain changes from being captured for review. As a result, management concluded that our internal control over financial reporting was not effective as of December 31, 2022, 2023 and 2024. We are currently unable to estimate when full remediation of these material weaknesses will be completed. The material weaknesses will not be considered fully remediated, until the applicable controls operate for a sufficient period of time and management has concluded through additional testing that these controls are operating effectively. To the extent management is unable to ultimately conclude that the identified issues have been remediated, our ability to record, process and report financial information accurately, and to prepare financial statements within required time periods, could be adversely affected, which could subject us to litigation or investigations requiring management resources and payment of legal and other expenses, negatively affect investor confidence in our financial statements and adversely impact our stock price.

Actions of activist investors could disrupt our business.

Public companies have been the target of activist investors. In the event that a third party, such as an activist investor, proposes to change our governance policies, board of directors, or other aspects of our operations or strategy, our review and consideration of such proposals may create a significant distraction for our management and employees. This could negatively impact our ability to execute various strategic initiatives and may require management to expend significant time and resources responding to such proposals. Such proposals may also create uncertainties with respect to our financial position and operations and may adversely affect our ability to attract and retain key employees.

ITEM 1B — UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C — CYBERSECURITY

Risk Management and Strategy

We and our customers and suppliers have an increasing reliance on our technology systems and infrastructure. We aim to safeguard the digital infrastructure of Expeditors, enabling the highest levels of customer service while managing and minimizing risk and maintaining global compliance. The cybersecurity and risk management program within Expeditors is defined through strategy, execution, management, and oversight, with continual assessments to verify the program's overall effectiveness.

Identifying and assessing cybersecurity risks and threats is integrated into our overall enterprise risk management program. Our Enterprise Cybersecurity Committee defines the strategy, prioritizes, and sets the expectations for execution of the cybersecurity program, leveraging an industry-standard cybersecurity framework, the National Institute of Standards and Technology cybersecurity framework (NIST CSF).

Our Cybersecurity and Risk Management program (CSRM) is designed around but not limited to five key pillars:

(i) strategic development and continuous iteration of a risk strategy in line with our information services and business goals;

(ii) engineering and architecture of cybersecurity preventative and response solutions and capabilities;

(iii) governance, risk, and compliance defining policies, standards, and systems of control and measurement in line with industry best practices and regulatory requirements;

(iv) cybersecurity operations designed to prepare, identify, contain, eradicate, and recover from cyber-related incidents; and

(v) identity and access management defining global practices for access, authentication, and authorization to technology systems.

Our Cybersecurity and Information Services (IS) department executes and measures the delivery of the cybersecurity program and incorporates the program into the governance and internal controls framework for our Company. We engage third parties such as consultants, auditors and specialists to support, evaluate, and improve the program, and utilize cybersecurity technologies and services to prevent, identify, detect, respond, and recover from cybersecurity threats and incidents. We also maintain a third party continuous monitoring security program to identify, prioritize, assess, mitigate and remediate third party risks, which is part of our overall cybersecurity risk management framework.

In February 2022, we determined that our Company was the subject of a targeted cyber-attack which resulted in having to shut down most of our connectivity, operating and accounting systems globally to manage the safety of our entire global systems environment, and we initiated our cybersecurity incident response plan. We had limited ability to conduct operations for a period of approximately three weeks, including but not limited to arranging for shipments of freight or managing customs and distribution activities for our customers' shipments. While we continue to incorporate learnings from the cyber-attack, we do not expect to have a further material adverse impact on the Company's business from this cyber-attack. Since the cyber-attack, we have accelerated investments in our CSRM program, strengthened the security of our systems and networks and enhanced continued monitoring of the known information security environment. We also added a Chief Information Security Officer (CISO) to our IS leadership.

Governance

Our Board of Directors provides direct oversight of and evaluates our CSRM at least annually. The Board's oversight is led by James Dubois, former CISO and Chief Information Officer (CIO) with the Microsoft Corporation, who communicates with cybersecurity leadership throughout the year. The Board is provided updates via our Enterprise Risk Management program quarterly, while meeting with the CISO at least annually.

Our Enterprise Risk Management Committee includes a cross-functional team including the Chief Executive Officer, CIO, Chief Financial Officer and the General Counsel as members who are well versed in risk management. In addition, the Enterprise Cybersecurity Committee includes the CIO, CISO, and Vice Presidents who have the relevant risk management and cybersecurity expertise. The Cybersecurity and Information Services department is led by the CISO and includes cyber professionals who have the relevant cybersecurity expertise. The CISO reports to the CIO and has over 20 years of experience, a graduate degree and several certifications in the field of cybersecurity. Material risks are managed and monitored by persons or committees with relevant expertise and experience. The Company maintains a Cybersecurity incident response team and a Business Continuity Plan and has a well-established incident reporting protocol to inform management, the Board of Directors or third parties.

ITEM 2 — PROPERTIES

Expeditors’ corporate headquarters are located in Bellevue, Washington. We conduct operations in approximately 435 locations worldwide, of which approximately 105 are in the United States and 18 are owned. These owned and leased locations are primarily located close to an airport, ocean port, or on an important border crossing. These facilities are strategically located to cover the geographic areas served by Expeditors. The majority of these facilities contain warehouse facilities. We will from time to time investigate the possibility of building or buying suitable facilities. We believe that current leases can be extended and that suitable alternative facilities are available in the vicinity of each present facility should extensions be unavailable at the conclusion of current leases.

ITEM 3 — LEGAL PROCEEDINGS

Expeditors is involved in claims, lawsuits, government investigations, income, transfer pricing and indirect tax audits and other legal matters that arise in the ordinary course of business and are subject to inherent uncertainties. Currently, in management's opinion and based upon advice from legal advisors, none of these matters are expected to have a material effect on our operations, cash flows or financial position. In 2024, amounts recorded for claims, lawsuits, government investigations and other legal matters are not significant to our operations, cash flows or financial position. At this time, we are unable to estimate any additional loss or range of reasonably possible losses, if any, beyond the amounts recorded, that might result from the resolution of these matters.

ITEM 4 — MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5 — MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Expeditors' common stock trades on the New York Stock Exchange under the symbol EXPD.

There were 553 registered holders of record as of February 18, 2025. This figure does not include a substantially greater number of beneficial holders of our common stock, whose shares are held of record by banks, brokers and other financial institutions.

The Board of Directors declared semi-annual dividends per share during the two most recent fiscal years as follows:

June 17, 2024	$ 0.73
December 16, 2024	$ 0.73
June 15, 2023	$ 0.69
December 15, 2023	$ 0.69

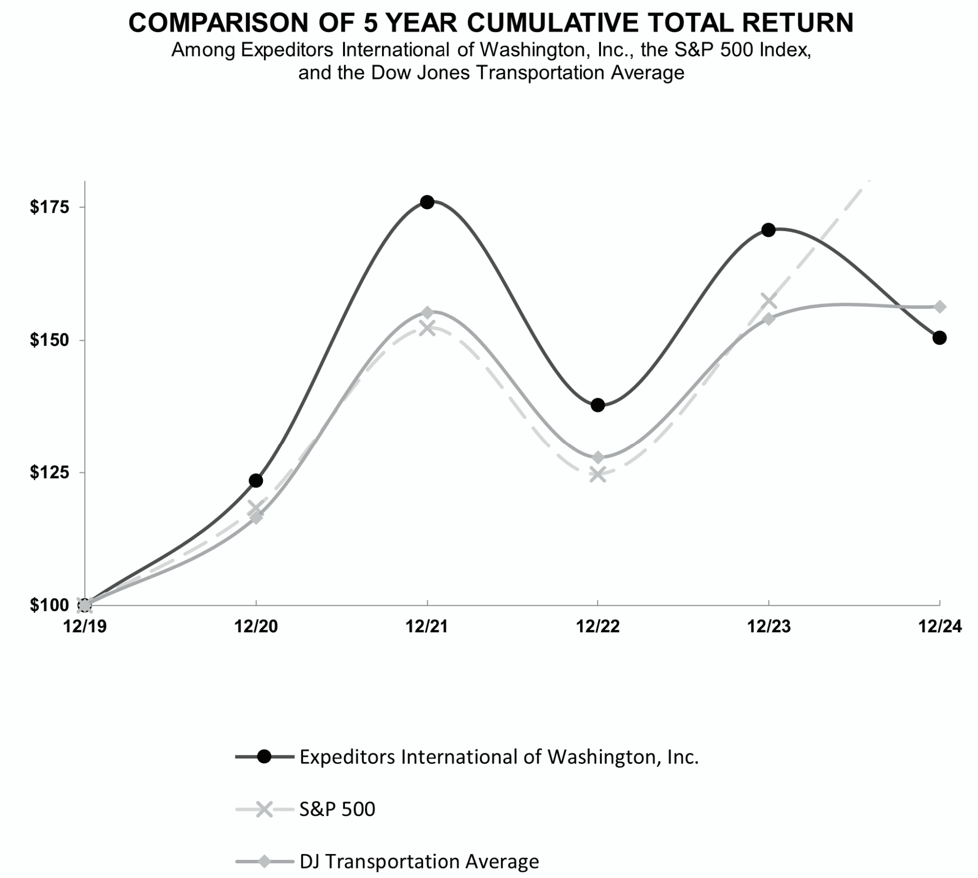
ISSUER PURCHASES OF EQUITY SECURITIES

(shares in thousands)

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans	Maximum number of shares that may yet be purchased under the plans
October 1-31, 2024	—	$ —	—	9,976
November 1-30, 2024	1,022	$ 119.91	1,022	8,971
December 1-31, 2024	978	$ 120.39	978	8,003
Total	2,000	$ 120.14	2,000	8,003

In November 2001, under a Discretionary Stock Repurchase Plan, Expeditors' Board of Directors authorized the repurchase of our common stock in the open market to reduce the issued and outstanding stock down to 200 million shares. Subsequently, the Board of Directors has from time to time increased the amount of our common stock that may be repurchased. The Board of Directors last authorized repurchases from 140 million shares of common stock, as of December 31, 2023, down to 130 million on February 19, 2024. The maximum number of shares available for repurchase under this plan will increase as the total number of outstanding shares increases. This authorization has no expiration date.

The graph below compares Expeditors International of Washington, Inc.'s cumulative 5-Year total shareholder return on common stock with the cumulative total returns of the S&P 500 index and the Dow Jones Transportation Average. The graph assumes that the value of the investment in our common stock and in each of the indexes (including reinvestment of dividends) was $100 on 12/31/2019 and tracks it through 12/31/2024. Total return assumes reinvestment of dividends in each of the indices indicated.



	12/19	12/20	12/21	12/22	12/23	12/24
Expeditors International of Washington, Inc.	$ 100.00	123.45	175.94	137.78	170.68	150.42
Standard and Poor's 500 Index	100.00	118.39	152.34	124.73	157.48	196.85
Dow Jones Transportation Average	$ 100.00	116.52	155.22	127.86	154.05	156.33

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

ITEM 6 — [RESERVED]

Not applicable.

SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS UNDER PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995; CERTAIN CAUTIONARY STATEMENTS

This Annual Report on Form 10-K for the fiscal year ended contains “forward-looking statements,” as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E f the Securities Exchange Act of 1934, as amended. From time to time, Expeditors or its representatives have made or may make forward-looking statements, orally or in writing. Such forward-looking statements may be included in, but not limited to, press releases, presentations, oral statements made with the approval of an authorized executive officer or in various filings made by Expeditors with the Securities and Exchange Commission. Statements including those preceded by, followed by or that include the words or phrases “will likely result”, “are expected to”, "would expect", "would not expect", “will continue”, “is anticipated”, “estimate”, “project”, "provisional", "plan", "believe", "probable", "reasonably possible", "may", "could", "should", "would", "intends", "foreseeable future" or similar expressions are intended to identify “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are qualified in their entirety by reference to and are accompanied by the discussion under Risk Factors in Item 1A of certain important factors that could cause actual results to differ materially from such forward-looking statements.

The risks included in Item 1A are not exhaustive. Furthermore, reference is also made to other sections of this report, including Management’s Discussion and Analysis of Financial Condition and Results of Operations in Item 7 and Quantitative and Qualitative Disclosures About Market Risk in Item 7A, which include additional factors that could adversely impact Expeditors' business and financial performance. Moreover, Expeditors operates in a very competitive, complex and rapidly changing global environment. New risk factors emerge from time to time and it is not possible for management to predict all of such risk factors, nor can it assess the impact of all of such risk factors on Expeditors' business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Accordingly, forward-looking statements cannot be relied upon as a guarantee of actual results.

Shareholders should be aware that while Expeditors does, from time to time, communicate with securities analysts, it is against Expeditors' policy to disclose to such analysts any material non-public information or other confidential commercial information. Accordingly, shareholders should not assume that Expeditors agrees with any statement or report issued by any analyst irrespective of the content of such statement or report. Furthermore, Expeditors has a policy against issuing financial forecasts or projections or confirming the accuracy of forecasts or projections issued by others. Accordingly, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not the responsibility of Expeditors.

ITEM 7 — MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Expeditors International of Washington, Inc. provides a full suite of global logistics services. Our services include air and ocean freight consolidation and forwarding, customs brokerage, warehousing and distribution, purchase order management, vendor consolidation, time-definite transportation services, temperature-controlled transit, cargo insurance, specialized cargo monitoring and tracking, and other supply chain solutions. We do not compete for overnight courier or small parcel business. As a non-asset-based carrier, we do not own or operate transportation assets.

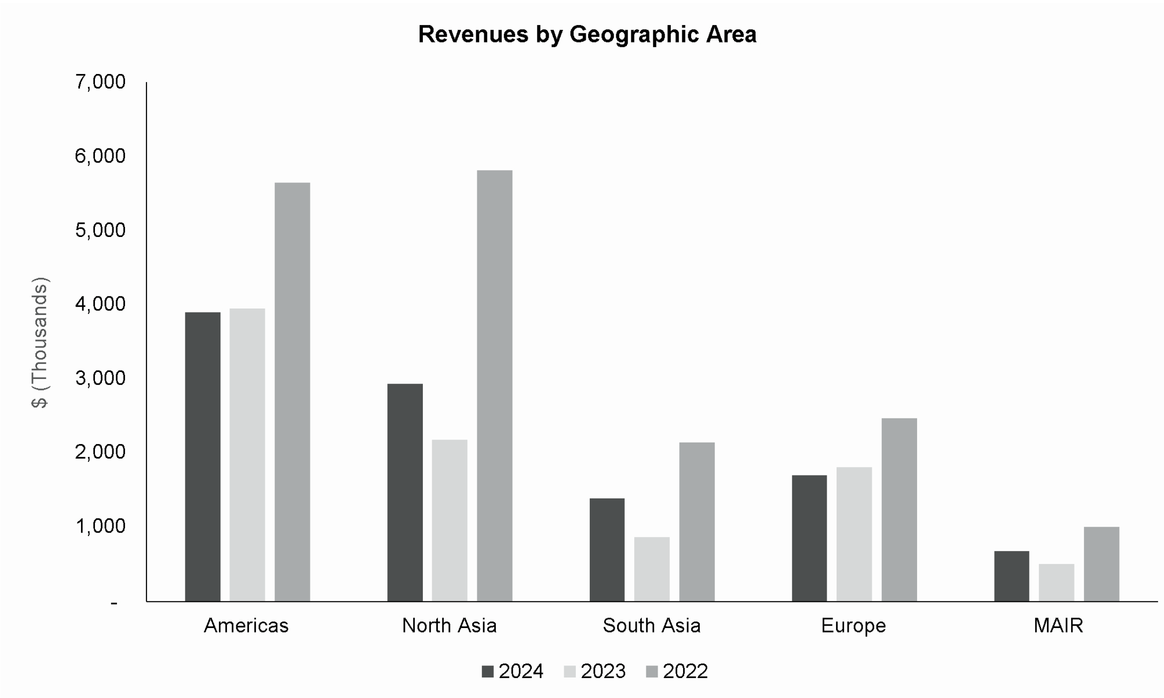
We derive our revenues by entering into agreements that are generally comprised of a single performance obligation, which is that freight is shipped for and received by our customer. Each performance obligation is comprised of one or more of the Company's services. We typically satisfy our performance obligations as services are rendered over time. A typical shipment would include services rendered at origin, such as pick-up and delivery to port, freight services from origin to destination port and destination services, such as customs clearance and final delivery. Our three principal services are the revenue categories presented in our financial statements: 1) airfreight services, 2) ocean freight and ocean services, and 3) customs brokerage and other services. The most significant drivers of changes in gross revenues and related transportation expenses are volume, sell rates and buy rates. Volume has a similar effect on the change in both gross revenues and related transportation expenses in each of our three primary sources of revenue.

We generate the major portion of our air and ocean freight revenues by purchasing transportation services on a volume basis from direct (asset-based) carriers and then reselling that space to our customers. The rate billed to our customers (the sell rate) is recognized as revenues and the rate we pay to the carrier (the buy rate) is recognized in operating expenses as the directly related cost of transportation and other expenses. By consolidating shipments from multiple customers and concentrating our buying power, we are able to negotiate favorable buy rates from the direct carriers, while at the same time offering lower sell rates than customers would otherwise be able to negotiate themselves.

In most cases we act as an indirect carrier. When acting as an indirect carrier, we issue a House Airway Bill (HAWB), a House Ocean Bill of Lading (HOBL) or a House Sea Waybill to customers as the contract of carriage. In turn, when the freight is physically tendered to a direct carrier, we receive a contract of carriage known as a Master Airway Bill for airfreight shipments and a Master Ocean Bill of Lading (MOBL) for ocean shipments.

Customs brokerage and other services involve providing services at destination, such as helping customers clear shipments through customs by preparing and filing required documentation, calculating and providing for payment of duties and other taxes on behalf of customers as well as arranging for any required inspections by governmental agencies, and import services such as arranging for local pick up, storage and delivery at destinations. These are complicated functions requiring technical knowledge of customs rules and regulations in the multitude of countries in which we have offices. We also provide other value-added services at destination, such as warehousing and distribution, time-definitive transportation services and consulting.

We manage our company along five geographic areas of responsibility: Americas; North Asia; South Asia; Europe; and Middle East, Africa and India (MAIR). Each area is divided into sub-regions that are composed of operating units with individual profit and loss responsibility. Our business involves shipments between operating units and typically touches more than one geographic area. The nature of the international logistics business necessitates a high degree of communication and cooperation among operating units. Because of this inter-relationship between operating units, it is very difficult to examine any one geographic area and draw meaningful conclusions as to its contribution to our overall success on a stand-alone basis. The following chart shows revenues by geographic areas of responsibility for the years ended December 31, 2024, 2023 and 2022:



Our operating units share revenue using the same arms-length pricing methodologies that we use when our offices transact business with independent agents. Certain costs are allocated among the segments based on the relative value of the underlying services, which can include allocation based on actual costs incurred or estimated cost plus a profit margin. Our strategy closely links compensation with operating unit profitability, which includes shared revenues and allocated costs. Therefore, individual success is closely linked to cooperation with other operating units within our network. The mix of services varies by segment based primarily on the import or export orientation of local operations in each of our regions. North Asia is our largest export-oriented region and accounted for 28% of revenues, 33% of directly related cost of transportation and other expenses and 23% of operating income for the year ended December 31, 2024.

Summary of 2024

- Strong demand for ocean transportation combined with longer transit times and capacity issues caused by the disruptions in the Red Sea resulted in significant increases in overall average buy rates and sell rates.
- Demand for airfreight out of Asia was high due in part to direct e-commerce business demand on airfreight capacity and increased demand in the technology sector. This resulted in growth in volumes and overall increases in buy and sell rates.
- Ocean containers shipped increased 7%, airfreight tonnage was up 12% and volumes transacted for customs brokerage and other services grew as well, compared to a slow 2023.
- Cash from operations was $723 million, down from $1,053 million in 2023. This decrease in cash from operations was driven by a significant investment in working capital to finance our growth in the second half of 2024.
- We returned $1,059 million to shareholders through common stock repurchases and dividends.

Industry trends, trade conditions and competition

We operate in over 60 countries in the competitive global logistics industry and our activities are closely tied to the global economy. International trade is influenced by many factors, including economic and political conditions in the United States and abroad, currency exchange rates, laws and policies relating to tariffs, trade restrictions, foreign investment, and taxation. Periodically, governments consider various changes to tariffs and impose trade restrictions and accords. The United States has imposed increased tariffs on China, and is considering imposing increased tariffs on imports from Canada, Mexico, and other countries. These measures will likely face retaliatory tariffs from these countries. The potential for further tariff increases and trade restrictions remains high, creating an unpredictable environment for international trade. Additionally, changes to import and export regulations may impact the flow of trade. We cannot predict how changes in tariffs, trade restrictions, and accords will affect our business. As governments impose import and export restrictions, shippers may adjust their sourcing patterns and potentially shift manufacturing to other countries over time. Doing business in foreign locations also subjects us to a variety of risks and considerations not normally encountered by domestic enterprises. In addition to being influenced by governmental policies and inter-governmental disputes concerning international trade, our business may also be negatively affected by political developments and changes in government personnel or policies in the United States and other countries, as well as economic turbulence, political unrest and security concerns in the nations and on the trade shipping lanes in which we conduct business and the future impact that these events may have on international trade, oil prices and security costs. We do not have employees, assets, or operations in Russia, Ukraine, Israel, the Gaza Strip or the West Bank. While limited, any shipment activity is conducted with independent agents in those countries in compliance with all applicable trade sanctions, laws and regulations. We have a branch and employees in Lebanon but no significant assets.

Our ability to provide services to our customers is highly dependent on good working relationships with a variety of entities, including airlines; ocean carrier lines and ground transportation providers, as well as governmental agencies. We select and engage with best-in-class, compliance-focused, efficiently run, growth-oriented partners, based upon defined value elements and are intentional in our relationship and performance management activity, reinforcing success by awarding service providers who consistently achieve at the highest levels with additional business. We consider our current working relationships with these entities to be satisfactory. However, changes in the financial stability and operating capabilities and capacity of asset-based carriers, capacity allotments available from carriers, governmental regulation or deregulation efforts, modernization of the regulations governing customs brokerage, and/or changes in governmental restrictions, quota restrictions or trade accords could affect our business in unpredictable ways. When the market experiences seasonal peaks or any sort of disruption, the carriers often increase their pricing suddenly. This carrier behavior creates pricing volatility that could impact Expeditors' ability to maintain historical unitary profitability.

The global economic and trade environments remain uncertain, including inflation remaining higher than historical levels, volatility in oil prices, high interest rates and the conflicts in the Middle East and Ukraine. In the second and the third quarter of 2024, we saw capacity constraints on exports out of Asia resulting in increases in average buy and sell rates. However, if demand softens or safe passage through the Red Sea resumes, then additional ocean transportation capacity will become available. These conditions could result in declines in average sell and buy rates. We also expect that pricing volatility will continue as carriers adapt to changes in demand, changing fuel prices, security risks and react to governmental trade policies and other regulations. Additionally, we cannot predict the direct or indirect impact that further changes in and purchasing behavior, such as the evolution of international direct e-commerce platforms, could have on our business. Some customers are relocating their manufacturing to other countries to mitigate the impact of higher tariffs on imports, reduce supply chain risks, and address disruptions caused by pandemics and geopolitical issues. These changes could negatively affect our business.

Critical Accounting Estimates

Our consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Preparing our consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenses. A summary of our significant accounting policies can be found in Note 1 to the consolidated financial statements in this report. Management believes that the nature of our business is such that there are few complex challenges in accounting for operations. While judgments and estimates are a necessary component of any system of accounting, the use of estimates is limited primarily to accrual of loss contingencies, accrual of various tax liabilities and contingencies, accrual of insurance liabilities for the portion of the related exposure that we have self-insured, and accounts receivable valuation.

These estimates, other than the accrual of loss contingencies and tax liabilities and contingencies, are not highly uncertain and have not historically been subject to significant change. Management believes that the methods utilized in all of these areas are non-aggressive in approach and consistent in application, and that there are limited, if any, alternative accounting principles or methods which could be applied to these transactions. While the use of estimates means that actual future results may be different from those contemplated by the estimates, management believes that alternative principles and methods used for making such estimates would not produce materially different results than those reported.

The outcome of loss contingencies, including legal proceedings and claims and government investigations, brought against us are subject to significant uncertainty. An estimated loss from a contingency, including a legal or tax proceeding, claim, government investigation or audit, or a customer claim, is recorded by a charge to income if it is probable that an asset has been impaired, or a liability has been incurred and the amount of the loss can be reasonably estimated. Disclosure of a loss contingency is made if there is at least a reasonable possibility that a significant loss has been incurred. In determining whether a loss should be recorded, management evaluates several factors, including advice from outside legal counsel and qualified tax advisors, in order to estimate the likelihood of an unfavorable outcome and to make a reasonable estimate of the amount of loss or range of reasonably possible loss. Changes in these factors could have a material impact on our financial position, results of operations and operating cash flows for any particular quarter or year.

Accounting for income taxes involves significant estimates and judgments. We are subject to taxation in various states and in many foreign jurisdictions including the People’s Republic of China, including Hong Kong, Taiwan, Vietnam, India, Mexico, Canada, Netherlands and the United Kingdom. Management believes that our tax positions, including intercompany transfer pricing policies, are reasonable and are consistent with established transfer pricing methodologies and norms. We are under, or may be subject to, audit or examination and assessments by the relevant authorities in respect of these particular jurisdictions primarily for 2009 and thereafter. Sometimes audits and examinations result in proposed assessments where the ultimate resolution could result in significant additional tax, penalties and interest payments being required. We establish liabilities when, despite our belief that the tax return positions are appropriate and consistent with tax law, we conclude that we may not be successful in realizing the tax position. In evaluating a tax position, we determine whether it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position and in consultation with qualified tax advisors.

The total amount of our income and non-income tax contingencies may increase in 2025. In addition, changes in state, federal, and foreign tax laws including transfer pricing and changes in interpretations of these laws may increase our existing tax contingencies. The timing of the resolution of tax examinations can be highly uncertain, and the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ significantly from the amounts recorded. It is reasonably possible that within the next twelve months we may undergo further audits and examinations by various tax authorities, and it is also possible that we may reach resolution related to income tax and non-income tax examinations in one or more jurisdictions. These assessments or settlements could result in changes to our contingencies related to positions on tax filings in future years and may increase the amount of tax expense we recognize as well as the potential for penalties and interest being incurred. Our estimate of any ultimate tax liability contains assumptions based on our experience, judgments about potential actions by taxing jurisdictions as well as judgments about the likely outcome of issues that have been raised by the taxing jurisdiction. Though we believe the estimates and assumptions used to support the evaluation of our tax positions are reasonable, the actual amount of any change could vary significantly depending on the ultimate timing and nature of its resolution. We cannot currently provide an estimate of the range of possible outcomes.

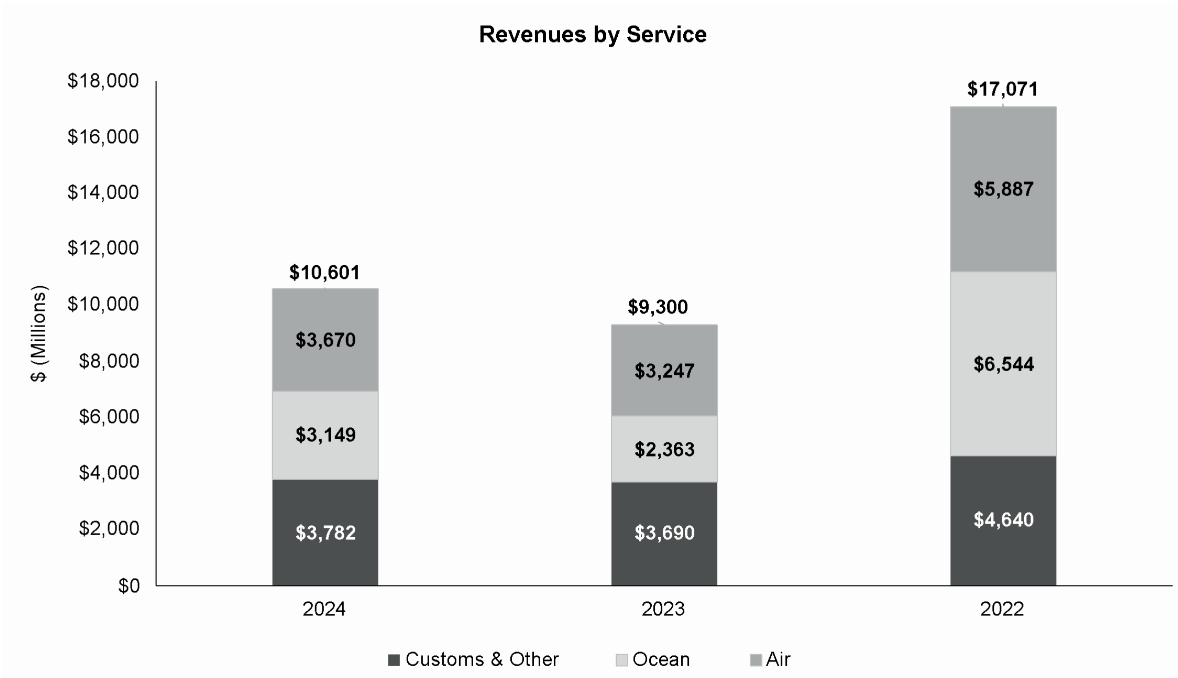
As discussed in Note 1.G to the consolidated financial statements, earnings of our foreign subsidiaries are not considered to be indefinitely reinvested outside of the United States. U.S. corporate income tax laws and regulations include a territorial tax framework and provisions for Global Intangible Low-Taxed Income (GILTI) under which taxes on foreign income are imposed on the excess of a deemed return on tangible assets of certain foreign subsidiaries, Base Erosion and Anti-Abuse Tax (BEAT) under which taxes are imposed on certain base eroding payments to affiliated foreign companies as well as U.S. income tax deductions for Foreign-derived intangible income (FDII). Our effective tax rate is significantly impacted by the mix of pretax earnings that we generate in the U.S. as compared to countries in the rest of the world, and the tax rates in effect in those locations relative to the pre-tax earnings generated in those countries and jurisdictions. We believe it is reasonably possible that many countries and jurisdictions will increase their tax rates or otherwise implement tax reforms that would be expected to increase the total tax expense that we will incur in those locations. Our effective tax rate will continue to be impacted by any discrete items for events occurring in a future period or future changes in tax regulations and related interpretations.

Results of Operations

This section of this Form 10-K generally discusses year-to-year comparisons between the results of operations for the year ended December 31, 2024 compared to the year ended December 31, 2023. For a discussion of the year ended December 31, 2023 compared to the year ended December 31, 2022, please refer to Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2023.

The following table shows the revenues, the directly related cost of transportation and other expenses for our principal services and our overhead expenses for 2024, 2023 and 2022. The table, chart and the accompanying discussion and analysis should be read in conjunction with the consolidated financial statements and related notes thereto in Part II, Item 8 of this report.

In thousands	2024	2023	2022	Percentage change 2024 vs. 2023
Airfreight services:				
Revenues	$ 3,669,673	$ 3,246,527	$ 5,886,886	13%
Expenses	2,731,552	2,347,293	4,359,726	16%
Ocean freight and ocean services:				
Revenues	3,148,514	2,363,243	6,544,559	33%
Expenses	2,356,952	1,634,947	5,188,066	44%
Customs brokerage and other services:				
Revenues	3,782,328	3,690,340	4,639,839	2%
Expenses	2,098,214	2,071,760	3,029,105	1%
Overhead expenses:				
Salaries and related costs	1,762,654	1,700,516	2,056,387	4%
Other	609,820	605,661	613,629	1%
Total overhead expenses	2,372,474	2,306,177	2,670,016	3%
Operating income	1,041,323	939,933	1,824,371	11%
Other income, net	53,477	75,095	11,520	(29)%
Earnings before income taxes	1,094,800	1,015,028	1,835,891	8%
Income tax expense	283,167	263,249	475,286	8%
Net earnings	811,633	751,779	1,360,605	8%
Less net earnings (losses) attributable to the noncontrolling interest	1,560	(1,104)	3,206	(241)%
Net earnings attributable to shareholders	$ 810,073	$ 752,883	$ 1,357,399	8%



Airfreight services:

Airfreight services revenues and expenses increased 13% and 16%, respectively, in 2024, as compared with 2023, due to a 12% increase in tonnage and 2% and 5% increase in average sell and buy rates, respectively. Tonnage increased in all regions, with the largest increase coming from exports out of South Asia and North Asia. Average sell rates increased in South Asia, North Asia and MAIR as a result of higher buy rates while they decreased in North America and Europe as a result of lower buy rates. Tonnage increased in all regions as a result of increased market demand driven by the technology sector compared to a soft 2023.

South Asia revenues and expenses increased 66% and 82%, respectively, in 2024 as compared with 2023 due to a 40% increase in tonnage and significant increases in average sell and buy rates. This was driven by elevated demand for airfreight as a result of manufacturing relocations into the region and shippers shifting to airfreight due to the conflicts in the Middle East. North Asia revenues and expenses increased 16% and 17%, respectively, in 2024 as compared with 2023 due to a 9% increase in tonnage driven by demand in technology sectors and higher average sell and buy rates driven by high demand from international direct e-commerce. Average sell and buy rates decreased on exports out of North America and Europe due to excess available capacity relative to soft demand.

Seasonal changes in demand, impact from disruptions in the ocean market due to security and port congestion concerns and variable demand for airfreight capacity from direct e-commerce business cause volatility in average buy rates on certain lanes. Additionally, continued uncertainty in the economy, geopolitical concerns, as well as potential inter-governmental trade disputes and tariff changes could negatively affect demand for airfreight services which could reduce our volumes and average sell rates. These conditions could result in decreases in our revenues, expenses and operating income. We are unable to predict how these uncertainties and any future disruptions will affect our operations or financial results prospectively.

Ocean freight and ocean services:

Ocean freight consolidation, direct ocean forwarding, and order management are the three basic services that constitute and are collectively referred to as ocean freight and ocean services. Ocean freight and ocean services revenues and expenses increased 33% and 44%, respectively, in 2024, as compared with 2023. The largest component of our ocean freight and ocean services revenue is derived from ocean freight consolidation, which represented 71% and 65% of ocean freight and ocean services revenue in 2024 and 2023, respectively.

In 2024 ocean freight consolidation revenues and expenses increased by 46% and 58% respectively, as compared with 2023, primarily due to 38% and 48% increases in average sell and buy rates, respectively, and a 7% increase in containers shipped. Average buy rates per container increased due to strong demand and longer transit times, congestion and capacity issues caused by the disruptions in the Red Sea. Importers front loaded shipments creating a peak in demand starting in June 2024 in anticipation of potential US East and Gulf Coast ports disruptions, concerns over tariffs and factoring in longer transit times. These conditions boosted volumes and caused sharp increases in buy rates in 2024. We expect the rate declines that started in the fourth quarter of 2024 to continue into at least the first half of 2025 as demand softens and capacity increases as additional vessels are delivered.

Containers shipped were higher in most regions, most significantly on exports out of North Asia and South Asia. North Asia ocean services revenues and expenses increased 66% and 79%, respectively, due to a 7% increase in containers shipped and higher average rates. South Asia ocean services revenues and expenses increased 85% and 109%, respectively, due to a 19% increase in containers shipped and higher average rates due to the factors above.

North America and Europe ocean freight and ocean services revenues decreased 6% and 13%, respectively, and expenses decreased 16% and 15%, respectively, in 2024, compared to 2023. Decreases were primarily due to lower average sell and buy rates and declines in containers shipped partially offset by higher revenues on import shipments.

Order management revenues increased 29% and expenses increased 32% in 2024, due to higher volumes from new and existing customers. Direct ocean freight forwarding revenues decreased 2% while expenses remained flat in 2024, principally due to lower volumes and rates for ancillary services.

Global economic conditions and trade policies remain uncertain. Further, carriers are adding new vessels which will increase capacity. In addition, if safe passage through the Red Sea resumes, additional capacity will become available due to shorter transit times. These conditions could depress sell and buy rates. We expect that pricing volatility will continue as carriers adapt to fluctuations in fuel prices, new regulations, security risks and manage available capacity. As customers seek lower pricing and react to governmental trade policies and other regulations, this could result in decreases in our revenues and operating income.

Customs brokerage and other services:

Customs brokerage and other services revenues and expenses increased 2% and 1%, respectively, in 2024 as compared with 2023, primarily due to increases in customs clearances, import services and road freight from higher shipment volumes, principally in Europe and MAIR offset by decreases in warehousing and distribution primarily in North America.

Import services, including charges at ports such as detention, drayage, terminal charges and delivery, decreased significantly in the first quarter 2024 due to residual effects from the supply chain congestion. Road freight, warehousing and distribution services also declined in the first quarter of 2024 due to lower volumes and decreased trucking, storage and labor costs. With the exception of detention and demurrage, these services rebounded in the second half of 2024.

Europe and MAIR revenues increased 5% and 15%, respectively, and expenses increased 2% and 15%, respectively, in 2024 as compared with 2023, primarily as a result of higher shipment volumes.

While customers continue to value our brokerage services due to changing tariffs and increasing complexity in the declaration process, some customers are opting to use back up customs brokerage service providers as a risk reduction strategy. Customers continue to seek knowledgeable customs brokers with sophisticated computerized capabilities critical to an overall logistics management program that are necessary to rapidly respond to changes in the regulatory and security environment. Should international trade slow, volumes shipped and pricing could negatively impact our revenues and expenses.

Overhead expenses:

Salaries and related costs increased 4% in 2024, as compared with 2023, principally due to increases in commissions and bonuses earned from higher revenues and operating income. Base salaries and benefits and headcount both increased 2% in 2024.

Historically, the relatively consistent relationship between salaries and operating income has been the result of a compensation philosophy that has been maintained since the inception of our company: offer a modest base salary and the opportunity to share in a fixed and determinable percentage of the operating profit of the business unit controlled by each key employee. Using this compensation model, changes in individual incentive compensation occur in proportion to changes in our operating income, creating an alignment between branch and corporate performance and shareholder interests.

Our management compensation programs have always been incentive-based and performance driven. Bonuses to field and executive management in 2024 increased 7% when compared to 2023 primarily due to a 11% increase in operating income.

Because our management incentive compensation programs are also cumulative, generally no management bonuses can be paid unless the relevant business unit is, from inception, cumulatively profitable. Any operating losses must be offset in their entirety by operating profits before management is eligible for a bonus. Executive management, in limited circumstances, makes exceptions at the branch operating unit level. Since the most significant portion of management compensation comes from the incentive bonus programs, we believe that this cumulative feature is a disincentive to excessive risk taking by our managers. The outcome of any higher risk transactions, such as overriding established credit limits, would be known in a relatively short time frame. Management believes that when the potential and certain impact on the bonus is fully considered in light of the short operating cycle of our services, the potential for short-term gains that could be generated by engaging in risky business practices is sufficiently mitigated to discourage excessive and inappropriate risk taking. Management believes that both the stability and the long-term growth in operating income and net earnings are a result of the incentives inherent in our compensation programs.

Other overhead expenses increased 1% in 2024, as compared with 2023. The increase in 2024 is primarily due to higher rental and occupancy expenses, travel, and technology related expenses partially offset by a $24 million decrease in expenses related to indirect tax and other contingencies and lower depreciation expense.

So long as the economic environment remains uncertain, we will be focused on aligning operational headcount and our overhead expenses commensurate with our transactional volumes. In 2025, we expect to increase spending on: cybersecurity; internal controls over our technology and systems; upgrading our IT infrastructure; and deploying new and enhanced solutions. We will also continue to make important investments in people, processes and technology, as well as to invest in our strategic efforts to explore new areas for profitable growth.

Other income, net:

The decrease in other income and expense is primarily the result of lower interest income due to lower invested balances.

Income tax expense:

Our consolidated effective income tax rate was 25.9% in both 2024 and 2023. In 2024 and 2023, we benefited from U.S. Federal tax credits totaling $32.5 million and $24.1 million, respectively principally because of withholding taxes related to our foreign operations, as well as U.S. income tax benefits for FDII of $21.6 million and $16.2 million, respectively. These amounts were offset by the effect of higher foreign tax rates of the Company's international subsidiaries, when compared to the U.S. Federal income tax rate of 21%, as well as certain expenses that are no longer deductible under the 2017 Tax Act, including certain executive compensation in excess of amounts allowed.

Our effective tax rate is subject to variation and the effective tax rate may be more or less volatile based on the amounts of pre-tax income. For example, the impact of discrete items and non-deductible expenses on the effective rate is greater when pre-tax income is lower. Total consolidated foreign income tax expense is composed of the income tax expense of our non-U.S. subsidiaries as well as income based withholding taxes paid by our non-U.S. subsidiaries on behalf of its parent for intercompany payments, including the remittance of dividends, some of which do not qualify for tax credits under U.S. income tax laws and regulations. The tax benefit associated with non-qualified stock option and restricted stock unit grants is recorded when the related compensation expense is recorded (excess tax benefits are recorded upon the exercise of non-qualified stock options and vesting of restricted stock units and performance share units), while the tax benefit received for employee stock purchase plan shares cannot be anticipated and are therefore recognized if and when a disqualifying disposition occurs.

Some elements of the recorded impacts of enacted tax laws and regulation could be impacted by further legislative action as well as additional interpretations and guidance issued by the Internal Revenue Service or Treasury in the U.S. and by similar governmental bodies in jurisdictions outside of the U.S. See Note 7 to the consolidated financial statements for additional information.

Currency and Other Risk Factors

The nature of our worldwide operations necessitates transacting in a multitude of currencies other than the U.S. dollar. That exposes us to the inherent risks of volatile international currency markets and governmental interference. Some of the countries where we maintain offices and/or have agency relationships maintain strict currency control regulations that influence our ability to hedge foreign currency exposure. Historically, derivative financial instruments have not been used to manage foreign currency risk. In lieu of the use of foreign currency derivatives we instead try to compensate for these exposures by accelerating international currency settlements among our offices and agents. In the future, we may enter into foreign currency hedging transactions where there are regulatory or commercial limitations on our ability to move money freely around the world or the short-term financial outlook in any country is such that hedging is the most time-sensitive way to mitigate short-term exchange losses. We had no foreign currency derivatives outstanding at years ended December 31, 2024 and 2023. Net foreign currency gains were approximately $12 million in 2024, and net foreign currency losses were approximately $15 million in 2023.

Historically, our business has not been adversely affected by inflation. Beginning in 2021 and continuing through 2024, many countries including the United States experienced increasing levels of inflation. As a result, our business continues to experience rising labor costs, service provider rate increases, higher rent and occupancy and other expenses. While buy rates for freight transportation capacity started declining in the second half of 2022, purchase prices for labor and other expenditures have continued to increase. Due to the high degree of competition in the marketplace we may not be able to increase our prices to our customers to offset this inflationary pressure, which could lead to an erosion in our margins and operating income in the future. Conversely, raising our prices to keep pace with inflationary pressure may result in a decrease in volume and customer demand for our services. As we are not required to purchase or maintain extensive property and equipment and have not otherwise incurred substantial interest rate-sensitive indebtedness, we currently have limited direct exposure to increased costs resulting from increases in interest rates.

There is uncertainty as to how future regulatory requirements and volatility in oil prices will continue to impact future buy rates. Because fuel is an integral part of carriers' costs and impacts both our buy rates and sell rates, we would expect our revenues and costs to be impacted as carriers adjust rates for the effect of changing fuel prices. To the extent that future fuel prices increase, and we are unable to pass through the increase to our customers, fuel price increases could adversely affect our operating income.

Liquidity and Capital Resources

Our principal source of liquidity is cash and cash equivalents and cash generated from operating activities. Net cash provided by operating activities for the year ended December 31, 2024 was $723 million, as compared with $1,053 million for 2023. This $330 million decrease is primarily due to changes in working capital as we made investments to finance our business growth in the second half of 2024. At December 31, 2024, working capital was $1,593 million, including cash and cash equivalents of $1,148 million. Other than our recorded lease liabilities, we had no long-term obligations or debt at December 31, 2024. Management believes that our current cash position and operating cash flows will be sufficient to meet our capital and liquidity requirements for at least the next 12 months and thereafter for the foreseeable future, including meeting any contingent liabilities related to standby letters of credit and other obligations.

As a customs broker, we make significant cash advances for a select group of our credit-worthy customers. These cash advances are for customer obligations such as the payment of duties and taxes to customs authorities in various countries throughout the world. Increases in duty rates could result in increases in the amounts we advance on behalf of our customers. Cash advances are a “pass through” and are not recorded as a component of revenue and expense. The billings of such advances to customers are accounted for as a direct increase in accounts receivable from the customer and a corresponding increase in accounts payable to governmental customs authorities. As a result of these “pass through” billings, the conventional Days Sales Outstanding or DSO calculation does not directly measure collection efficiency. For customers that meet certain criteria, we have agreed to extend payment terms beyond our customary terms. Management believes that it has established effective credit control procedures, and historically has experienced relatively insignificant collection problems.

Our business historically has been subject to seasonal fluctuations, and this is expected to continue in the future. Cash flows fluctuate as a result of this seasonality. Historically, the first quarter shows an excess of customer collections over customer billings. This results in positive cash flow. The increased activity associated with periods of higher demand (typically commencing late second or early third quarter and continuing well into the fourth quarter) causes an excess of customer billings over customer collections. This cyclical growth in customer receivables consumes available cash. However, there is no assurance that this seasonal trend will occur in the future.

Cash used in investing activities for the year ended December 31, 2024 was $41 million, as compared with $39 million in 2023. Capital expenditures were $40 million in 2024 compared to $39 million in 2023. Capital expenditures in 2024 were primarily related to continuing investments in building and leasehold improvements and technology and facilities equipment. Total anticipated capital expenditures in 2025 are currently estimated to be $50 million. This includes routine capital expenditures, leasehold and building improvements and investments in technology.

Cash used in financing activities for the year ended December 31, 2024 was $1,025 million as compared with $1,537 million in 2023. We have a Discretionary Stock Repurchase Plan under which management is allowed to repurchase shares to reduce the issued and outstanding stock to 130 million shares of common stock, down from 140 million at December 31, 2023, as authorized by the Board of Directors in February 2024. We used the proceeds from stock option exercises, employee stock purchases and available cash to repurchase our common stock on the open market to reduce outstanding shares. During 2024 and 2023, we used cash to repurchase 7.1 million shares of common stock at an average price of $119.47 per share and 12.1 million shares of common stock at an average price of $114.68 per share, respectively. In addition, during 2024 and 2023, we paid cash dividends of $1.46 and $1.38 per share, respectively.

We follow established guidelines relating to credit quality, diversification and maturities of our investments to preserve principal and maintain liquidity. Historically, our investment portfolio has not been adversely impacted by disruptions occurring in the credit markets. However, there can be no assurance that our investment portfolio will not be adversely affected in the future.

We cannot predict what further impact ongoing uncertainties in the global economy, inflation, future interest rates, and political conflicts and uncertainties may have on our operating results, freight volumes, pricing, amounts advanced on behalf of our customers, changes in consumer demand, carrier stability and capacity, customers' abilities to pay or changes in competitors' behavior.

We maintain international unsecured bank lines of credit for short-term working capital purposes. A few of these credit lines are supported by standby letters of credit issued by a United States bank or guarantees issued by the Company to the foreign banks issuing the credit line. At December 31, 2024, borrowings under these credit lines were $31 million and we were contingently liable for $68 million from standby letters of credit and guarantees. The standby letters of credit and guarantees primarily relate to obligations of our foreign subsidiaries for credit extended in the ordinary course of business by direct carriers, primarily airlines, and for duty and tax deferrals available from governmental entities responsible for customs and value-added-tax (VAT) taxation. The total underlying amounts due and payable for transportation and governmental excises are properly recorded as obligations in the accounting records of the respective foreign subsidiaries, and there would be no need to record additional expense in the unlikely event the parent company is required to perform.

We typically enter into unconditional purchase obligations with asset-based providers (generally short-term in nature) reserving space on a guaranteed basis. The pricing of these obligations varies to some degree with market conditions. We only enter into agreements that management believes we can fulfill. In the regular course of business, we also enter into agreements with service providers to maintain or operate equipment, facilities or software that can be longer than one year. We also regularly have contractual obligations for specific projects related to improvements of our owned or leased facilities and information technology infrastructure. Purchase obligations outstanding as of December 31, 2024 totaled $160 million.

Our foreign subsidiaries regularly remit dividends to the U.S. parent company after evaluating their working capital requirements and funds necessary to finance local capital expenditures. In some cases, our ability to timely repatriate funds from foreign operations may be subject to foreign exchange controls. At December 31, 2024, cash and cash equivalent balances of $509 million were held by our non-United States subsidiaries, of which $3 million was held in banks in the United States. Earnings of our foreign subsidiaries are not considered to be indefinitely reinvested outside of the United States.

As of December 31, 2024, we did not have any material off-balance-sheet arrangements, as defined in Item 303(a)(2) of SEC Regulation S-K.

ITEM 7A — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of our business. These risks are primarily related to foreign exchange risk and changes in short-term interest rates. The potential impact of our exposure to these risks is presented below:

Foreign Exchange Risk

We conduct business in many different countries and currencies. Our business often results in billings issued in a country and currency that differs from that where the expenses related to the service are incurred. In the ordinary course of business, we create numerous intercompany transactions and may have receivables, payables and currencies that are not denominated in the local functional currency. This brings foreign exchange risk to our earnings. The principal foreign exchange risks to which Expeditors is exposed include Chinese Yuan, Euro, Mexican Peso, Canadian Dollar, British Pound and Vietnamese Dong.

Foreign exchange rate sensitivity analysis can be quantified by estimating the impact on our earnings as a result of hypothetical changes in the value of the U.S. dollar, our functional currency, relative to the other currencies in which we transact business. All other things being equal, an average 10% weakening of the U.S. dollar, throughout the year ended December 31, 2024, would have had the effect of raising operating income by approximately $63 million. An average 10% strengthening of the U.S. dollar, for the same period, would have the effect of reducing operating income by approximately $52 million. This analysis does not take into account changes in shipping patterns based upon this hypothetical currency fluctuation. For example, a weakening in the U.S. dollar would be expected to increase exports from the United States and decrease imports into the United States over some relevant period of time, but the exact effect of this change cannot be quantified without making speculative assumptions.

Historically, derivative financial instruments have not been used to manage foreign currency risk. Net foreign currency gains were approximately $12 million in 2024 and net foreign currency losses were $15 million in 2023. In lieu of the use of foreign currency derivatives, we instead follow a policy of accelerating international currency settlements to manage foreign exchange risk relative to intercompany billings. As of December 31, 2024, we had $153 million of net unsettled intercompany transactions. The majority of intercompany billings are resolved within 30 days.

Interest Rate Risk

At December 31, 2024, we had cash and cash equivalents of $1,148 million, of which $525 million was invested at various short-term market interest rates. We had no long-term debt at December 31, 2024. A hypothetical change in the interest rate of 10 basis points at December 31, 2024 would not have a significant impact on our earnings.

In management’s opinion, there has been no material change in our interest rate risk exposure between 2024 and 2023.

ITEM 8 — FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following documents are filed on the pages listed below, as part of Part II, Item 8 of this report.

ITEM 9 — CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A — CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e) as of December 31, 2024. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2024, due to material weaknesses in internal control over financial reporting described below.

In light of the material weaknesses described below, management performed additional analysis and other procedures to ensure that our consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP). Accordingly, management believes that the consolidated financial statements included in this Annual Report on Form 10-K fairly present, in all material respects, our financial position, results of operations, and cash flows as of and for the periods presented, in accordance with U.S. GAAP.

Management Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as required by the Sarbanes-Oxley Act of 2002 and as defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Our system of internal control over financial reporting is designed to provide reasonable assurance to our management and Board of Directors regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and our Board of Directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

Management, including the Chief Executive Officer and Chief Financial Officer, under the oversight of our Board of Directors, evaluated the effectiveness of the Company's internal control over financial reporting, as of December 31, 2024, based on the framework in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Management concluded that unauthorized access and changes to databases and related applications could have gone undetected as controls to review and authorize access and direct changes that support several key operational and accounting systems excluded certain changes from review, or were not captured, and as such were either not designed properly or did not operate effectively as designed. In addition, the system logic used to record direct changes excluded certain changes from being captured for review. These control deficiencies related to personnel without specific training and experience to fulfill internal control responsibilities related to information technology general controls over systems and processes resulting in an ineffective design of controls necessary to ensure the reliability of information used in financial reporting. As a consequence of these control deficiencies, the Company concluded that it did not effectively design, implement and operate process-level controls across its financial reporting processes.

The control deficiencies did not result in any identified misstatements to the consolidated financial statements, and there were no changes to previously released financial results. The control deficiencies described above created a reasonable possibility that a material misstatement to the consolidated financial statements would not be prevented or detected on a timely basis. Therefore, we concluded that the deficiencies represent material weaknesses in the Company's internal control over financial reporting and our internal control over financial reporting was not effective as of December 31, 2024.

Our independent registered public accounting firm, KPMG LLP, who audited the consolidated financial statements included in this Annual Report on Form 10-K, issued an adverse opinion on the effectiveness of the Company's internal control over financial reporting. KPMG LLP's report appears on page F-3 of this Annual Report on Form 10-K.

Remediation

With respect to the material weaknesses identified, management with the oversight of the Audit Committee of the Board of Directors, has taken steps to remediate such material weaknesses, including:

- Engaged PwC US Consulting, LLP to assist management with our entity-wide risk assessment, assessment of control design, and remediation process;
- Continuing to conduct our entity wide risk assessments to identify relevant process risk points, IT systems and the information used in the operation of controls;
- Continuing to hire additional qualified personnel to support the remediation process and the design and implementation of IT controls;
- Examining additional third-party developed software solutions that aid in tracking changes to databases and related applications and improve controls over system access and monitoring;
- Continuing to implement certain enhancements designed to strengthen IT change management and logical access processes; and
- Continuing to train personnel to fulfill internal control responsibilities relative to information technology.

Certain steps laid out in our 2023 Annual Report on Form 10-K and quarterly reports filed in 2024 were completed, but as we continued our remediation process and review, we identified additional controls that were not designed or operated appropriately that relate to the above-described material weaknesses. These material weaknesses will not be considered fully remediated, until the applicable controls operate for a sufficient period of time and management has concluded, through additional testing, that these controls are operating effectively. Primarily due to the complexities and interdependencies of our internally developed legacy and current systems and time needed to evaluate and implement third-party software solutions, we are currently unable to estimate when full remediation of these material weaknesses will be completed. We will continue to perform supplemental review procedures for direct database changes and perform additional analysis to supplement our existing controls and other procedures to ensure that our consolidated financial statements are prepared in accordance with U.S. GAAP.

The Audit Committee has increased oversight of actions being taken by management to remediate and strengthen information technology controls. This oversight includes monthly reports and formal comprehensive presentations at all Audit Committee meetings from the Chief Information Officer, Chief Information Security Officer and Chief Technology Officer.

Changes in Internal Controls

Except for on-going remediation related to the material weaknesses noted above, there were no changes in our internal control over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

An internal control system, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of such internal controls are met. Further, the design of an internal control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all internal control systems, no evaluation of controls can provide absolute assurance that all of our control issues and instances of fraud, if any, have been detected.

ITEM 9B — OTHER INFORMATION

Not applicable.

ITEM 9C — DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10 — DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is set forth below or incorporated by reference to information under the caption “Proposal No. 1: Election of Directors” and to the information under the caption “Board Operations" in Expeditors' definitive Proxy Statement for its annual meeting of shareholders to be held on May 6, 2025. See also Part I - Item 1 – Information about our Executive Officers.

Audit Committee and Audit Committee Financial Expert

Expeditors' Board has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The members of the Audit Committee are Brandon S. Pedersen, James M. Dubois, and Olivia D. Polius. Expeditors' Board has determined that Brandon S. Pedersen, Chair of the Audit Committee, and Olivia D. Polius, are the audit committee financial experts as defined by Item 407(d)(5) of Regulation S-K under the Exchange Act and that each member of the Audit Committee is independent under the NYSE independence standards applicable to audit committee members.

Code of Ethics and Governance Guidelines

Expeditors has adopted a *Code of Business Conduct* that applies to all Expeditors employees including, of course, its principal executive officer and principal financial and accounting officer. The *Code of Business Conduct* is posted with the governance documents on Expeditors' website at *https://investor.expeditors.com*. Expeditors will post any amendments to the *Code of Business Conduct* at that location. In the unlikely event that the Board of Directors approves any sort of waiver to the *Code of Business Conduct* for Expeditors' executive officers or directors, information concerning such waiver will also be posted at that location. No such waivers have been granted.

ITEM 11 — EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to information under the captions “Director Compensation Program” and “Compensation Discussion and Analysis” in Expeditors' definitive Proxy Statement for its annual meeting of shareholders to be held on May 6, 2025.

ITEM 12 — SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to information under the captions “Shareholder Engagement & Stock Ownership Information” in Expeditors' definitive Proxy Statement for its annual meeting of shareholders to be held on May 6, 2025.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information as of December 31, 2024, regarding compensation plans under which equity securities of Expeditors are authorized for issuance.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (1)	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (2)	(c) Number of Securities Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (3)
Equity Compensation Plans Approved by Security Holders	1,571,408	$ 47.35	5,247,192
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total	1,571,408	$ 47.35	5,247,192

(1) Represents shares issuable upon exercise of outstanding stock options, vesting of outstanding restricted stock units and performance stock units that will vest if target levels are achieved under the Omnibus Incentive Plan.

(2) The weighted average exercise price does not take into account the shares issuable upon vesting of outstanding restricted stock units and performance stock units, which have no exercise price.

(3) Includes 4,004,051 available for issuance under the employee stock purchase plan and 1,243,141 available for future grants of equity awards under the Amended and Restated 2017 Omnibus Incentive Plan.

ITEM 13 — CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to information under the captions “Certain Relationships and Related Transactions” in Expeditors' definitive Proxy Statement for its annual meeting of shareholders to be held on May 6, 2025.

ITEM 14 — PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated by reference to information under the caption “Relationship with Independent Registered Public Accounting Firm” in Expeditors' definitive Proxy Statement for its annual meeting of shareholders to be held on May 6, 2025.

PART IV

ITEM 15 — EXHIBITS, FINANCIAL STATEMENT SCHEDULES

2. FINANCIAL STATEMENT SCHEDULES

Schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the consolidated financial statements or notes thereto.

3. EXECUTIVE COMPENSATION PLANS AND ARRANGEMENTS

The following list is a subset of the list of exhibits described below and contains all compensatory plans, contracts or arrangements in which any director or executive officer of Expeditors is a participant, unless the method of allocation of benefits thereunder is the same for management and non-management participants:

(1) Form of Employment Agreement executed by Jeffrey S. Musser, Expeditors' President and Chief Executive Officer. See Exhibit 10.23.

(2) Form of Employment Agreement executed by Expeditors' Chief Financial Officer. See Exhibit 10.25.

(3) General Form of Executive Employment Agreement. See Exhibit 10.27.

(4) Expeditors' 2008 Executive Incentive Compensation Plan. See Exhibit 10.35.

(5) Expeditors' 2002 Amended and Restated Employee Stock Purchase Plan. See Exhibit 10.42.

(6) Expeditors' 2014 Stock Option Plan. See Exhibit 10.63.

(7) Form of Stock Option Agreement used in connection with options granted under Expeditors; 2014 Stock Option Plan. See Exhibit 10.64.

(8) Expeditors' 2015 Stock Option Plan. See Exhibit 10.65.

(9) Form of Stock Option Agreement used in connection with options granted under Expeditors' 2015 Stock Option Plan. See Exhibit 10.66.

(10) Expeditors' 2016 Stock Option Plan. See Exhibit 10.67.

(11) Form of Stock Option Agreement used in connection with options granted under Expeditors' 2016 Stock Option Plan. See Exhibit 10.68.

(12) Expeditors' Amended and Restated 2017 Omnibus Incentive Plan. See Exhibit 10.69

(13) Form of Executive Restricted Stock Unit Award Agreement used in connection with executive restricted stock units granted under Expeditors' Amended and Restated 2017 Omnibus Incentive Stock Plan. See Exhibit 10.70

(14) Form of Performance Share Award Agreement used in connection with performance share units granted under Expeditors' Amended and Restated 2017 Omnibus Incentive Stock Plan. See Exhibit 10.72

(15) Incentive Compensation Recovery Policy. See Exhibit 97

(b) EXHIBITS

Exhibit Number	Exhibit
3.1	Expeditors' Restated Articles of Incorporation and the Articles of Amendment as amended. (Incorporated by reference to Exhibit 3.1 to Form 10-K, filed on or about February 23, 2018.)
3.2	Expeditors' Amended and Restated Bylaws. (Incorporated by reference to Exhibit 3.2 to Form 8-K, filed on or about November 9, 2022.)
4.1	Description of Registrant’s Securities. (Incorporated by reference to the Company’s Form 10-K for the year ended December 31, 2019, filed on or about February 21, 2020.)
10.23	Form of Employment Agreement executed by Jeffrey S. Musser, Expeditors' President and Chief Executive Officer dated December 31, 2008. (Incorporated by reference to Exhibit 10.23 to Form 10-K, filed on or about February 26, 2015.)
10.25	Form of Employment Agreement executed by Expeditors' Chief Financial Officer dated December 31, 2008. (Incorporated by reference to Exhibit 10.25 to Form 10-K, filed on or about February 27, 2009.)
10.27	General Form of Executive Employment Agreement (Incorporated by reference to Exhibit 10.27 to Form 10-Q, filed on or about August 6, 2015.)
10.35	Expeditors' 2008 Executive Incentive Compensation Plan. (Incorporated by reference to Appendix C of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about March 21, 2008.)
10.42	Expeditors' Amended and Restated 2002 Employee Stock Purchase Plan. (Incorporated by reference to Appendix B of Expeditors' definitive proxy statement pursuant to Regulation 14A filed on March 26, 2024.)
10.63	Expeditors' 2014 Stock Option Plan. (Incorporated by reference to Appendix A of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about March 21, 2014.)
10.64	Form of Stock Option Agreement used in connection with options granted under Expeditors' 2014 Stock Option Plan. (Incorporated by reference to Appendix B of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about March 21, 2014.)
10.65	Expeditors' 2015 Stock Option Plan. (Incorporated by reference to Appendix A of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about April 9, 2015.)
10.66	Form of Stock Option Agreement used in connection with options granted under Expeditors' 2015 Stock Option Plan. (Incorporated by reference to Appendix B of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about April 9, 2015.)
10.67	Expeditors' 2016 Stock Option Plan. (Incorporated by reference to Appendix A of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about March 24, 2016.)
10.68	Form of Stock Option Agreement used in connection with options granted under Expeditors' 2016 Stock Option Plan. (Incorporated by reference to Appendix B of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about March 24, 2016.)
10.69	Expeditors' Amended and Restated 2017 Omnibus Incentive Plan. (Incorporated by reference to Appendix B of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about March 24, 2020.)
10.70	Form of Executive Restricted Stock Unit Award Agreement used in connection with executive restricted stock units granted under Expeditors' Amended and Restated 2017 Omnibus Incentive Plan. (Incorporated by reference to Exhibit 10.70 to Form S-8 filed on or about May 16, 2017.)

10.72	Form of Performance Share Award Agreement used in connection with performance share units granted under Expeditors' Amended and Restated 2017 Omnibus Incentive Plan. (Incorporated by reference to Exhibit 10.72 to Form 10-Q filed on or about August 7, 2019.)
19.1	Company Trading Standard
21.1	Subsidiaries of the registrant.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Incentive Compensation Recovery Policy (Incorporated by reference to Exhibit 97 to Form 10-K filed on or about February 23, 2024.)
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	The cover page from the Company’s Yearly Report on Form 10-K for the year ended December 31, 2024, has been formatted in Inline XBRL.

ITEM 16 — FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 21, 2025

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.

By: /s/ Bradley S. Powell
Bradley S. Powell
Senior Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 17, 2025.

Signature	**Title**
/s/ Jeffrey S. Musser (Jeffrey S. Musser)	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Bradley S. Powell (Bradley S. Powell)	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ Robert P. Carlile (Robert P. Carlile)	Chairman of the Board and Director
/s/ Glenn M. Alger (Glenn M. Alger)	Director
/s/ James M. DuBois (James M. DuBois)	Director
/s/ Mark A. Emmert (Mark A. Emmert)	Director
/s/ Diane H. Gulyas (Diane H. Gulyas)	Director
/s/ Brandon S. Pedersen (Brandon S. Pedersen)	Director
/s/ Liane J. Pelletier (Liane J. Pelletier)	Director
/s/ Olivia D. Polius (Olivia D. Polius)	Director

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

COMPRISING ITEM 8

ANNUAL REPORT ON FORM 10-K

TO SECURITIES AND EXCHANGE COMMISSION FOR THE

YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors
Expeditors International of Washington, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Expeditors International of Washington, Inc. and subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of earnings, comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in the *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 21, 2025 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of gross unrecognized tax benefits

As discussed in Note 7 to the consolidated financial statements, the Company is under, or may be subject to, audit or examination and assessments by relevant tax authorities in many jurisdictions. The Company estimates additional tax expense, as well as interest and penalties that could arise from certain tax audits.

We identified the assessment of certain gross unrecognized tax benefits as a critical audit matter. Complex auditor judgment was required in evaluating the Company's interpretation of tax law and its estimate of the ultimate resolution of tax positions.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company’s unrecognized tax benefit process. This included controls related to the interpretation of tax law and its application in the liability estimation process. Since tax law is complex and often subject to interpretations, we involved tax professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company’s interpretation of tax laws,
- assessing transfer pricing positions for compliance with applicable laws and regulations,
- inspecting settlement documents with applicable taxing authorities and appeals documents with applicable tax courts,
- assessing the expiration of statutes of limitations,
- comparing historical gross unrecognized tax benefits to actual results upon conclusion of tax audits or expiration of the statute of limitations, and
- performing an independent assessment of the Company’s tax positions and comparing the results to the Company’s assessment.

In addition, we assessed the responses received directly from the Company’s external legal counsel regarding tax positions for which they had been engaged.

/s/ KPMG LLP

We have served as the Company's auditor since 1982.

Seattle, Washington
February 21, 2025

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors
Expeditors International of Washington, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Expeditors International of Washington, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weaknesses, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of earnings, comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively, the consolidated financial statements), and our report dated February 21, 2025 expressed an unqualified opinion on those consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses related to unauthorized access and changes to databases and related applications which could have gone undetected as controls to review and authorize access and direct changes that support several key operational and accounting systems excluded certain changes from review, or were not captured, and as such were either not designed properly or did not operate effectively as designed. In addition, the system logic used to record direct changes excluded certain changes from being captured for review. These control deficiencies related to personnel without specific training and experience to fulfill internal control responsibilities related to information technology general controls over systems and processes resulting in an ineffective design of controls necessary to ensure the reliability of information used in financial reporting. As a consequence of these control deficiencies, the Company concluded that it did not effectively design, implement and operate process-level controls across its financial reporting processes. The material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2024 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP
Seattle, Washington
February 21, 2025

Consolidated Balance Sheets

In thousands, except per share data

December 31,		2024		2023
Assets:				
Current Assets:				
Cash and cash equivalents	$	1,148,320	$	1,512,883
Accounts receivable, net		1,997,840		1,532,599
Deferred contract costs		349,343		218,807
Other		164,272		170,907
Total current assets		3,659,775		3,435,196
Property and equipment, net		449,404		479,225
Operating lease right-of-use assets		551,652		516,280
Goodwill		7,927		7,927
Deferred federal and state income taxes, net		70,671		63,690
Other assets, net		15,029		21,491
Total assets	$	4,754,458	$	4,523,809
Liabilities:				
Current Liabilities:				
Accounts payable	$	1,036,749	$	860,856
Accrued expenses, primarily salaries and related costs		451,921		447,336
Contract liabilities		441,927		280,909
Current portion of operating lease liabilities		106,736		99,749
Federal, state and foreign income taxes		29,140		15,562
Total current liabilities		2,066,473		1,704,412
Noncurrent portion of operating lease liabilities		462,201		427,984
Commitments and contingencies				
Shareholders' Equity:				
Preferred stock, par value $0.01 per share, authorized 2,000 shares; none issued		—		—
Common stock, par value $0.01 per share authorized 640,000. Issued and outstanding: 138,003 shares and 143,866 shares at December 31, 2024 and 2023, respectively		1,380		1,439
Additional paid-in capital		—		—
Retained earnings		2,455,132		2,580,968
Accumulated other comprehensive loss		(233,500)		(192,057)
Total shareholders' equity		2,223,012		2,390,350
Noncontrolling interest		2,772		1,063
Total equity		2,225,784		2,391,413
Total liabilities and equity	$	4,754,458	$	4,523,809

See accompanying notes to consolidated financial statements.

Consolidated Statements of Earnings

In thousands, except per share data

Years ended December 31,	2024	2023	2022
Revenues:			
Airfreight services	$ 3,669,673	$ 3,246,527	$ 5,886,886
Ocean freight and ocean services	3,148,514	2,363,243	6,544,559
Customs brokerage and other services	3,782,328	3,690,340	4,639,839
Total revenues	10,600,515	9,300,110	17,071,284
Operating Expenses:			
Airfreight services	2,731,552	2,347,293	4,359,726
Ocean freight and ocean services	2,356,952	1,634,947	5,188,066
Customs brokerage and other services	2,098,214	2,071,760	3,029,105
Salaries and related costs	1,762,654	1,700,516	2,056,387
Rent and occupancy costs	241,013	232,358	209,532
Depreciation and amortization	61,090	67,760	57,338
Selling and promotion	33,331	27,913	24,293
Other	274,386	277,630	322,466
Total operating expenses	9,559,192	8,360,177	15,246,913
Operating income	1,041,323	939,933	1,824,371
Other Income (Expense):			
Interest income	46,706	70,451	25,554
Other, net	6,771	4,644	(14,034)
Other income, net	53,477	75,095	11,520
Earnings before income taxes	1,094,800	1,015,028	1,835,891
Income tax expense	283,167	263,249	475,286
Net earnings	811,633	751,779	1,360,605
Less net earnings (losses) attributable to the noncontrolling interest	1,560	(1,104)	3,206
Net earnings attributable to shareholders	$ 810,073	$ 752,883	$ 1,357,399
Diluted earnings attributable to shareholders per share	$ 5.72	$ 5.01	$ 8.26
Basic earnings attributable to shareholders per share	$ 5.75	$ 5.05	$ 8.33
Weighted average diluted shares outstanding	141,722	150,186	164,427
Weighted average basic shares outstanding	140,992	149,141	163,010

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

In thousands

Years ended December 31,	2024	2023	2022
Net earnings	$ 811,633	$ 751,779	$ 1,360,605
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments, net of tax benefit of $2,573 in 2024, $5,205 in 2023, and $5,037 in 2022	(41,294)	10,238	(73,451)
Other comprehensive (loss) income	(41,294)	10,238	(73,451)
Comprehensive income	770,339	762,017	1,287,154
Less comprehensive income (loss) attributable to the noncontrolling interest	1,709	(1,362)	1,894
Comprehensive income attributable to shareholders	$ 768,630	$ 763,379	$ 1,285,260

See accompanying notes to consolidated financial statements.

Consolidated Statements of Equity

In thousands, except per share data

Years ended December 31,	2024	2023	2022
Total Shareholders' Equity, Beginning of Period	$ 2,390,350	$ 3,110,021	$ 3,494,426
Common Stock Par Value			
Beginning of period	1,439	1,543	1,672
Shares issued under employee stock plans, net	12	17	16
Shares repurchased under provisions of stock repurchase plan	(71)	(121)	(145)
End of period	1,380	1,439	1,543
Additional Paid-In Capital			
Beginning of period	—	139	3,160
Shares issued under employee stock plans, net	53,897	65,366	61,629
Shares repurchased under provisions of stock repurchase plan	(119,288)	(125,153)	(130,212)
Stock compensation expense	64,364	58,399	64,397
Dividend equivalents paid	1,027	1,249	1,165
End of period	—	—	139
Retained Earnings			
Beginning of period	2,580,968	3,310,892	3,620,008
Shares repurchased under provisions of stock repurchase plan	(730,795)	(1,279,529)	(1,451,551)
Net earnings	810,073	752,883	1,357,399
Dividend and dividend equivalents paid ($1.46, $1.38, $1.34)	(205,114)	(203,278)	(214,964)
End of period	2,455,132	2,580,968	3,310,892
Accumulated Other Comprehensive Loss			
Beginning of period	(192,057)	(202,553)	(130,414)
Other comprehensive income (loss)	(41,443)	10,496	(72,139)
End of period	(233,500)	(192,057)	(202,553)
Total Shareholders' Equity			
End of period	2,223,012	2,390,350	3,110,021
Noncontrolling Interest			
Beginning of period	1,063	3,514	3,565
Net earnings (losses)	1,560	(1,104)	3,206
Other comprehensive income (loss)	149	(258)	(1,312)
Distribution to noncontrolling interest	—	(1,089)	(1,945)
End of period	2,772	1,063	3,514
Total Equity			
End of period	$ 2,225,784	$ 2,391,413	$ 3,113,535
Common Shares Outstanding			
Beginning of period	143,866	154,313	167,210
Shares issued under employee stock plans, net	1,194	1,699	1,632
Shares repurchased under provisions of stock repurchase plan	(7,057)	(12,146)	(14,529)
End of period	138,003	143,866	154,313

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

In thousands

Years ended December 31,	2024	2023	2022
Operating Activities:			
Net earnings	$ 811,633	$ 751,779	$ 1,360,605
Adjustments to reconcile net earnings to net cash from operating activities:			
Provisions for losses on accounts receivable	3,447	3,943	11,050
Deferred income tax benefit	(5,138)	(22,916)	(33,240)
Stock compensation expense	64,364	58,399	64,397
Depreciation and amortization	61,090	67,760	57,338
Other, net	(3,359)	8,461	1,252
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(531,616)	573,724	1,592,341
Increase (decrease) in accounts payable and accrued expenses	259,310	(300,345)	(798,123)
(Increase) decrease in deferred contract costs	(147,685)	36,952	714,960
Increase (decrease) in contract liabilities	179,553	(40,076)	(798,356)
Increase (decrease) in income taxes payable, net	26,388	(77,298)	(55,129)
Decrease (increase) in other, net	5,374	(7,192)	12,580
Net cash from operating activities	723,361	1,053,191	2,129,675
Investing Activities:			
Purchase of property and equipment	(40,466)	(39,314)	(86,824)
Other, net	(57)	(119)	(890)
Net cash from investing activities	(40,523)	(39,433)	(87,714)
Financing Activities:			
Proceeds from borrowing on lines of credit	15,000	32,199	81,756
Payments on borrowing on lines of credit	(35,058)	(38,143)	(30,289)
Proceeds from issuance of common stock	69,257	84,889	80,980
Repurchases of common stock	(855,061)	(1,392,886)	(1,581,908)
Dividends paid	(204,087)	(202,029)	(213,799)
Payments for taxes related to net share settlement of equity awards	(15,348)	(19,506)	(19,335)
Distribution to noncontrolling interest	—	(1,089)	(1,945)
Net cash from financing activities	(1,025,297)	(1,536,565)	(1,684,540)
Effect of exchange rate changes on cash and cash equivalents	(22,104)	1,559	(51,982)
Change in cash and cash equivalents	(364,563)	(521,248)	305,439
Cash and cash equivalents at beginning of period	1,512,883	2,034,131	1,728,692
Cash and cash equivalents at end of period	$ 1,148,320	$ 1,512,883	$ 2,034,131
Supplemental Cash Flow Information:			
Cash paid for income taxes	$ 257,170	$ 356,380	$ 566,533

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. | Basis of Presentation

Expeditors International of Washington, Inc. (the "Company") is a non-asset-based provider of global logistics services operating through a worldwide network of offices and exclusive or non-exclusive agents. The Company's customers include retailing and wholesaling, electronics, healthcare, technology, industrial and manufacturing companies around the world.

International trade is influenced by many factors, including economic and political conditions in the United States and abroad, currency exchange rates, laws and policies relating to tariffs, trade restrictions, foreign investments and taxation. Periodically, governments consider a variety of changes to tariffs and trade restrictions and accords. The Company cannot predict the outcome of ongoing proposals or negotiations, nor can the Company predict the effects adoption of any such proposal will have on the Company's business. Doing business in foreign locations also subjects the Company to a variety of risks and considerations not normally encountered by domestic enterprises. In addition to being influenced by governmental policies and inter-governmental disputes concerning international trade, the Company's business may also be affected by political developments and changes in government personnel or policies as well as economic turbulence, natural disasters and pandemics, political unrest and security concerns in the nations and on the shipping lanes in which it does business and the future impact that these events may have on international trade, oil prices and security costs.

The consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The consolidated financial statements include the accounts of the Company and its subsidiaries stated in U.S. dollars, the Company's reporting currency. In addition, the consolidated financial statements also include the accounts of operating entities where the Company maintains a parent-subsidiary relationship through unilateral control over assets and operations together with responsibility for payment of all liabilities, notwithstanding a lack of technical majority ownership of the subsidiary's common stock.

All significant intercompany accounts and transactions have been eliminated in consolidation. All dollar amounts in the notes are presented in thousands except for per share data or unless otherwise specified. Certain prior year amounts have been reclassified to conform to the current year presentation of other income (expense) in the consolidated statement of earnings and in the business segment information note as explained in Note 1 N.

B. | Cash Equivalents

All highly liquid investments with a maturity of three months or less at date of purchase are considered to be cash equivalents.

C. | Accounts Receivable

A valuation allowance reduces the accounts receivable balance for credit losses expected to be incurred over the assets' contractual term. The Company's trade accounts receivable present similar credit risk characteristics and the allowance for credit loss is estimated on a collective basis, using a credit loss-rate method that uses historical credit loss information and considers the current economic environment. Additional allowances may be necessary in the future if changes in economic conditions are significant enough to affect expected credit losses. The Company has recorded an allowance for credit loss in the amounts of $6,878 and $6,550 as of December 31, 2024 and 2023, respectively. Additions and write-offs have not been significant in the periods presented.

D. | Long-Lived Assets, Depreciation and Amortization

Property and equipment are recorded at cost and are depreciated or amortized on the straight-line method over the shorter of the assets' estimated useful lives or lease terms. Useful lives for major categories of property and equipment are as follows:

Buildings and land improvements	30 to 40 years
Building improvements	3 to 10 years
Furniture, fixtures, equipment and purchased software	3 to 10 years

Expenditures for maintenance, repairs, and replacements of minor items are charged to earnings as incurred. Major upgrades and improvements that extend the life of the asset are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is included in income for the period.

For the years ended December 31, 2024 and 2023, the Company performed the required goodwill annual impairment test during the fourth quarter and determined that no impairment had occurred.

E. | Leases

The Company determines if an arrangement is a lease at inception. Right-of-use (ROU) assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease. All ROU assets and lease liabilities are recognized at the commencement date at the present value of lease payments over the lease term. ROU assets are adjusted for lease incentives and initial direct costs. The lease term includes renewal options exercisable at the Company's sole discretion when the Company is reasonably certain to exercise that option. As the Company's leases generally do not have an implicit rate, the Company uses an estimated incremental borrowing rate based on market information available at the commencement date to determine the present value. Certain of our leases include variable payments, which may vary based upon changes in facts or circumstances after the start of the lease. The Company excludes variable payments from ROU assets and lease liabilities to the extent not considered fixed, and instead expenses variable payments as incurred. Lease expense is recognized on a straight-line basis over the lease term and is included in rent and occupancy expenses on the consolidated statement of earnings.

Additionally, the Company elected to apply the short-term lease exemption for leases with a non-cancelable period of twelve months or less and has chosen not to separate non-lease components from lease components and instead to account for each as a single lease component.

F. | Revenues and Revenue Recognition

The Company provides global logistics services, including air and ocean freight consolidation and forwarding, customs brokerage, warehousing and distribution, purchase order management, vendor consolidation, time-definite transportation services, temperature-controlled transit, cargo insurance, specialized cargo monitoring and tracking and other logistics solutions. As a non-asset-based carrier, the Company does not own transportation assets.

The Company derives its revenues by entering into agreements that are generally comprised of a single performance obligation, which is that freight is shipped for and received by the customer. Each performance obligation is comprised of one or more of the Company's services. The Company's three principal services are the revenue categories presented in the Consolidated Statements of Earnings: 1) airfreight services, 2) ocean freight and ocean services, and 3) customs brokerage and other services. The most significant drivers of changes in gross revenues and related transportation expenses are volume, sell rates and buy rates. Volume has a similar effect on the change in both gross revenues and related transportation expenses in each of the Company's three primary sources of revenue.

The major portion of the Company's air and ocean freight revenues are generated by purchasing transportation services on a volume basis from direct (asset-based) carriers and then reselling that space to customers on a retail basis. The rate billed to our customers (the sell rate) is recognized as revenues and the rate we pay to the carrier (the buy rate) is recognized in operating expenses as the directly related cost of transportation and other expenses.

Revenue is recognized upon transfer of control of promised services to customers, which occurs over time. The Company has determined that in general each shipment transaction or service order constitutes a separate contract with the customer. However, when the Company provides multiple services to a customer, different contracts may be present for different services. The Company combines the contracts, which form a single performance obligation, and accounts for the contracts as a single contract when certain criteria are met.

The Company typically satisfies its performance obligations as services are rendered over time. A typical shipment would include services rendered at origin, such as pick-up and delivery to port, freight services from origin to destination port and destination services, such as customs clearance and final delivery. The Company measures the performance of its obligations as services are completed over the life of a shipment, including services at origin, freight and destination.

This method of measurement of progress depicts the pattern of the Company's actual performance under the contracts with the customer. There are no significant judgments involved in measuring the progress of the performance obligations. Amounts allocated to the services for each performance obligation are typically based on standalone selling prices. The Company does not have significant variable consideration in its contracts. Taxes assessed concurrently with a specific revenue-producing transaction that are collected by the Company from a customer are excluded from revenues.

Typically, the transaction price for each of the Company's services are quoted as separate components; however, customers on occasion will request an all-inclusive rate for a set of services known in the industry as “door-to-door service.” This means that the customer is billed a single rate for all services from pickup at origin to delivery at destination. In these instances, the transaction price is allocated to each service on a relative selling price basis.

The Company fulfills nearly all of its performance obligations within a one to two month-period and contracts with customers have an original expected duration of less than one year. The Company generally has an unconditional right to consideration when the services are initiated or soon thereafter. The amount due from the customer is recorded as accounts receivable. The amounts related to services that are not yet completed at the reporting date are presented as contract liabilities, with corresponding direct costs to fulfill the performance obligation that will be satisfied in the future presented as deferred contract costs. The Company generally does not incur incremental costs to obtain the contract with the customer. The Company may incur costs to fulfill the contract with the customers, such as set-up costs. However, the amount incurred is insignificant to the Company’s consolidated financial statements.

The Company evaluates whether amounts billed to customers should be reported as revenues on a gross or net basis. Generally, revenue is recorded on a gross basis when the Company is primarily responsible for fulfilling the promise to provide the services, when it assumes the risk of loss, when it has discretion in setting the prices for the services to the customers, and when the Company has the ability to direct the use of the services provided by the third party. In most cases the Company acts as an indirect carrier. When acting as an indirect carrier, the Company issues a House Airway Bill (HAWB), a House Ocean Bill of Lading (HOBL) or a House Sea Waybill to customers as the contract of carriage. In turn, when the freight is physically tendered to a direct carrier, the Company receives a contract of carriage known as a Master Airway Bill for airfreight shipments and a Master Ocean Bill of Lading for ocean shipments. When revenue is recorded on a net basis, the amounts earned are determined using a fixed fee, a per unit of activity fee or a combination thereof. For revenues earned in other capacities, for instance, when the Company does not issue a HAWB, a HOBL, or a House Sea Waybill or otherwise act solely as an agent for the shipper, only the commissions and fees earned for such services are included in revenues. In these transactions, the Company is not a principal and report only commissions and fees earned in revenues.

The Company disaggregates its revenues by its three primary service categories in the consolidated financial statements: airfreight, ocean freight and ocean services and customs brokerage and other. Revenues by geographic location are presented within business segment information in Note 10.

G. | Income Taxes

Income taxes are accounted for under the asset and liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, the tax effect of loss carryforwards and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is established when necessary to reduce deferred tax assets to amounts expected to be realized.

The Company uses a two-step approach to recognizing and measuring uncertain income tax positions (tax contingencies). The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not the position will be sustained on audit, including resolution of related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating its tax positions and estimating our tax benefits, which may require periodic adjustments and which may not match the ultimate future outcome. The Company recognizes interest expense related to unrecognized tax benefits or underpayment of income taxes in interest expense included in other income (expense) and recognizes penalties in other operating expenses.

U.S. corporate income tax laws and regulations include a territorial tax framework and provisions for Global Intangible Low-Taxed Income (GILTI) under which taxes on foreign income are imposed on the excess of a deemed return on tangible assets of certain foreign subsidiaries, Base Erosion and Anti-Abuse Tax (BEAT) under which taxes are imposed on certain base eroding payments to affiliated foreign companies as well as U.S. income tax deductions for Foreign-derived intangible income (FDII). The Company treats BEAT and GILTI as discrete adjustments as components of current income tax expense.

Earnings of the Company's foreign subsidiaries are not considered to be indefinitely reinvested outside of the United States.

H | Net Earnings Attributable to Shareholders per Common Share

Diluted earnings attributable to shareholders per share is computed using the weighted average number of common shares and dilutive potential common shares outstanding. Dilutive potential common shares represent outstanding stock options, stock purchase rights and unvested restricted stock units. Basic earnings attributable to shareholders per share is calculated using the weighted average number of common shares outstanding without taking into consideration dilutive potential common shares outstanding.

I. | Stock Plans

The Company maintains several equity incentive plans under which the Company has granted stock options, director restricted stock, restricted stock units (RSUs), performance stock units (PSUs) and employee stock purchase rights to employees or directors. The Company recognizes stock compensation expense based on the fair value of awards granted to employees and directors under the Company’s Amended and Restated 2017 Omnibus Plan and employee stock purchase rights plans. This expense, adjusted for expected performance and forfeitures, is recognized in net earnings on a straight-line basis over the service periods as salaries and related costs on the consolidated statements of earnings. Expense for PSUs is recognized over the service period when it is probable the performance goal will be achieved and based on the most probable outcome of performance conditions at the reporting date. RSUs and PSUs awarded to certain employees meeting specific retirement eligibility criteria at the time of grant are expensed immediately, as there is no substantive service period associated with those awards.

J. | Foreign Currency

Foreign currency amounts attributable to foreign operations have been translated into U.S. dollars using year-end exchange rates for assets and liabilities, historical rates for equity, and weighted average rates for revenues and expenses. Currency fluctuations are a normal operating factor in the conduct of the Company’s business and foreign exchange transaction gains and losses are included in revenues and operating expenses. Also, the Company is exposed to foreign currency exchange fluctuations on monetary assets and liabilities denominated in currencies that are not the local functional currency. Foreign exchange gains and losses on such balances are recognized in net earnings within customs brokerage and other services costs. Net foreign currency gains in 2024 were $11,556, and net foreign currency losses in 2023 and 2022 were $14,943, and $1,616, respectively.

The Company follows a policy of accelerating international currency settlements to manage its foreign exchange exposure. Historically, derivative financial instruments have not been used to manage foreign currency risk. Accordingly, the Company may enter into foreign currency hedging transactions only in limited locations where there are regulatory or commercial limitations on the Company’s ability to move money freely. The Company had no foreign currency derivatives outstanding at December 31, 2024 and 2023.

K. | Comprehensive Income

Comprehensive income consists of net earnings and other gains and losses affecting equity that, under U.S. GAAP, are excluded from net earnings. For the Company, these consist of foreign currency translation gains and losses, net of related income tax effects and comprehensive income or loss attributable to the noncontrolling interests. Upon the complete or substantially complete liquidation of the Company's investment in a foreign entity, cumulative translation adjustments are recorded as reclassification adjustments in other comprehensive income and recognized in net earnings.

Accumulated other comprehensive loss consisted entirely of foreign currency translation adjustments, net of related income tax effects, as of December 31, 2024 and 2023.

L. | Segment Reporting

The Company is organized functionally in geographic operating segments. Accordingly, management focuses its attention on revenues, directly related cost of transportation and other expenses for each of the Company’s three primary sources of revenues as well as salaries and related costs, other operating expenses, depreciation and amortization, operating income, identifiable assets, capital expenditures, and equity generated in each of these geographical areas when evaluating the effectiveness of geographic management. The President and Chief Executive Officer was determined to be the Chief Operating Decision Maker (CODM), as in his capacity he is responsible for setting company strategies and initiatives, establishing company policies, allocating company resources and assessing the performance of the Company’s business segments. Operating income is the primary measure of business segments' profit or loss that is most consistent with the measurement principles of U.S. GAAP and no items below operating income are allocated to segments. The CODM uses operating income to review financial performance, progress of the Company's strategic initiatives and to determine compensation of segment managers. Transactions among the Company’s various offices are conducted using the same arms-length pricing methodologies the Company uses when its offices transact business with independent agents. Certain costs are allocated among the segments based on the relative value of the underlying services, which can include allocation based on actual costs incurred or estimated cost plus a profit margin. There were no significant changes to allocate or measure expenses used to determine segment profit or loss.

M. | Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The Company uses estimates primarily in the following areas: accounts receivable valuation, accrual of costs related to ancillary services the Company performs, typically at the destination location, self-insured liabilities, accrual of various tax liabilities, accrual of loss contingencies, calculation of share-based compensation expense and estimates related to determining the lease term and discount rate when measuring ROU assets and lease liabilities.

N. | Recent Accounting Pronouncements

Improvements to Reportable Segment Disclosures

The Company adopted new improvements to reportable segment disclosures on a retrospective basis for the 2024 annual period, and for interim periods beginning January 1, 2025. The Accounting Standards Update (ASU) requires, among other things, the disclosure in interim periods about a reportable segment's profit or loss and assets that are currently required annually, and disclosures of significant segment expenses and profit and loss measures provided to the CODM. The ASU does not change how the Company identifies its operating segments. The adoption of this standard resulted in identifying directly related cost of transportation and other expenses and salaries and related costs as significant segment expenses to be disclosed in the business segment information note.

Improvements to Income Tax Disclosures

In December 2023, the FASB issued an ASU which expands income tax disclosures by requiring the disclosure, on an annual basis, of a tabular rate reconciliation using both percentages and currency amounts, broken out by nature and jurisdiction to the extent those items exceed a specified threshold. In addition, disclosure is required of income taxes paid, net of refunds received, disaggregated by federal, state/local, and foreign and by jurisdiction if the amount is at least 5% of total income tax payments, net of refunds received. This standard will become effective for the Company on January 1, 2025. The Company plans to apply this ASU prospectively by providing the new disclosures for the period ending December 31, 2025 and continuing to provide the pre-ASU disclosures for the prior periods. The Company expects this ASU to only impact its disclosures with no impacts to its consolidated financial statements, cash flows and financial condition.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued an ASU which requires disaggregated disclosures of certain costs and expenses on the income statement expenses on an annual and interim basis. This standard will become effective for the Company on January 1, 2027 with early adoption permitted. The amendment can be applied either on a prospective or retrospective basis. The Company expects this ASU to only impact its disclosures with no impacts to its consolidated financial statements, cash flows and financial condition.

NOTE 2. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments, other than cash, consist primarily of cash equivalents, accounts receivable, accounts payable and accrued expenses. The carrying value of these financial instruments approximates their fair value.

Cash and cash equivalents consist of the following:

	December 31, 2024		December 31, 2023	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents:				
Cash and overnight deposits	$ 623,561	$ 623,561	$ 601,207	$ 601,207
Corporate commercial paper	498,185	498,742	854,929	856,033
Time deposits and money market funds	26,574	26,574	56,747	56,747
Total cash and cash equivalents	$ 1,148,320	$ 1,148,877	$ 1,512,883	$ 1,513,987

The fair value of corporate commercial paper and time deposits is based on the use of market interest rates for identical or similar assets (Level 2 fair value measurement).

NOTE 3. PROPERTY AND EQUIPMENT

The components of property and equipment are as follows:

	2024	2023
Land	$ 140,421	$ 143,068
Buildings and leasehold improvements	517,179	519,129
Furniture, fixtures, equipment and purchased software	404,915	412,195
Construction in progress	2,422	2,306
Property and equipment, at cost	1,064,937	1,076,698
Less accumulated depreciation and amortization	615,533	597,473
Property and equipment, net	$ 449,404	$ 479,225

NOTE 4. LEASES

The Company enters into lease agreements primarily for office and warehouse space in all districts where it conducts business. As of December 31, 2024, all of the Company's leases are operating leases. Lease terms are either on a month-to-month basis or terminate at various times through 2040. The Company also has two long-term operating lease arrangements to use land, for which the usage rights were entirely prepaid. Usage rights for those arrangements are recognized in rent expense over the lease terms up to 2057.

Lease cost is recorded under rent and occupancy expenses in the consolidated statements of earnings and is comprised of the following for the year-ended December 31:

	2024	2023	2022
Operating lease cost	$ 131,970	$ 123,411	$ 107,858
Variable lease cost	50,614	50,508	47,553
Total lease cost	$ 182,584	$ 173,919	$ 155,411

Variable lease cost includes short-term lease expenses, which are insignificant.

Maturities of lease liabilities as of December 31, 2024 are as follows:

2025	$ 131,830
2026	117,301
2027	96,323
2028	78,233
2029	63,473
Thereafter	189,450
Total minimum lease payments	676,610
Less imputed interest	107,673
Lease liability	$ 568,937

The weighted-average remaining lease term and weighted-average discount rate are as follows:

	2024	2023
Weighted-average remaining lease term (in years)	6.79	6.68
Weighted-average discount rate	5.11 %	4.34 %

Other information related to the Company's operating leases are as follows:

	2024	2023	2022
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 154,197	$ 105,888	$ 151,654
Cash paid for amounts included in the measurement of lease liabilities	$ 128,481	$ 120,793	$ 106,772

NOTE 5. SHAREHOLDERS’ EQUITY

A. | Stock Repurchase Plan

The Company has a Discretionary Stock Repurchase Plan, originally approved by the Board of Directors in November 2001 and amended from time to time, under which management as of December 31, 2024 is authorized to repurchase shares down to 130,000 shares of common stock outstanding. The maximum number of shares available for repurchase under this plan will increase as the total number of outstanding shares increases. This authorization has no expiration date.

Cumulative shares of common stock repurchased since inception of the above plan and a previous now expired plan were 156,702.

B. | Omnibus Incentive Plan

On May 5, 2020, the shareholders approved the Company's Amended and Restated 2017 Omnibus Incentive Plan (Amended 2017 Plan), which made available 5,500 shares of the Company's common stock in aggregate to be issued under any award type allowed by the Amended 2017 Plan. The RSUs granted in 2024, 2023 and 2022 generally vest annually over three years based on continued employment and are settled upon vesting in shares of the Company's common stock on a one-for-one basis.

The Amended 2017 Plan also provides for annual equity awards to non-employee directors. The Amended 2017 Plan provides for an annual grant of equity awards to each participant with a fair market value that may not exceed $600, or $800 with respect to the Chairman of the Board. Restricted shares granted to non-employee directors in 2024, 2023 and 2022 vested at the time of grant and there were no unvested restricted shares as of December 31, 2024. In 2024, 14 fully vested restricted shares with a weighted average grant date fair value per share of $114.90 were granted to non-employee directors.

The following table summarizes information about RSUs and restricted shares:

	Number of shares	Weighted average grant date fair value
Nonvested at December 31, 2023	642	$ 109.78
RSUs granted	357	$ 114.90
RSUs vested	(323)	$ 110.01
RSUs forfeited	(22)	$ 110.86
Nonvested at December 31, 2024	654	$ 112.36

In 2024, 2023 and 2022, the Company also awarded 78, 78 and 84 PSUs, respectively, under the Amended 2017 Plan. Nonvested PSUs include performance conditions to be finally measured based on financial results at December 31, 2025 and 2026. The final number of PSUs will be determined using an adjustment factor of up to 2 times or down to 0.5 of the targeted PSU grant, depending on the degree of achievement of the designated performance targets. If the minimum performance thresholds are not achieved, no shares will be issued. Each PSU will convert to one share of the Company's common stock upon vesting.

At December 31, 2024, there were 156 shares of nonvested PSUs at target levels, with a weighted-average grant date fair value of $114.08. At December 31, 2024, 10 PSUs with a grant date fair value of $102.65 became vested based on satisfaction of performance goals but had not settled.

RSUs and PSUs granted under the Amended 2017 Plan have dividend equivalent rights, which entitle holders of RSUs and PSUs to the same dividend value per share as holders of common stock. Dividend equivalent rights are subject to the same vesting and other terms and conditions as the corresponding unvested RSUs and PSUs and are accumulated and paid in shares when the underlying awards is released.

At December 31, 2024, there are approximately 1,243 shares available for grant under the Amended 2017 Plan.

When restrictions on employee RSUs or PSUs lapse the Company derives a tax deduction in certain countries based on the fair market value of the award upon vesting and subject to the limits allowed under each jurisdiction’s tax regulations. Until vesting, a deferred tax asset is recognized and measured based on the fair value of the award at the date of grant (consistent with measurement for stock compensation expense). Any excess or shortfall in the tax deduction resulting from the difference between fair market value of the award between the date of grant and the date of vesting is recognized in income tax expense upon vesting.

C. | Stock Option Plans

Prior to 2017, the Company granted stock options under stock option plans approved annually by shareholders. Those plans generally allowed for the grant of qualified and non-qualified grants and outstanding options expire no more than ten years from the date of grant. All options were fully vested as of December 31, 2020. No additional shares can be granted under any of the Company's stock option plans other than the Amended 2017 Plan.

Upon the exercise of non-qualified stock options and disqualifying dispositions of incentive stock options, the Company derives a tax deduction measured by the excess of the market value over the option price at the date of exercise or disqualifying disposition. The portion of the benefit from the deduction, which equals the estimated fair value of the options (previously recognized as compensation expense) is recorded as a credit to the deferred tax asset for non-qualified stock options and is recorded as a credit to current tax expense for any disqualified dispositions of incentive stock options. For disqualifying dispositions, when the amount of the tax deduction is less than the cumulative amount of compensation expense recognized for the award, the amount credited to current tax expense is limited to the tax benefit associated with the tax deduction.

The following table summarizes information about stock options:

	Number of shares	Weighted average exercise price per share	Weighted average remaining contractual life	Aggregate intrinsic value
Outstanding at December 31, 2023	1,135	$ 46.46		
Options granted	—			
Options exercised	(391)	$ 44.83		
Options canceled	(5)	$ 42.92		
Outstanding at December 31, 2024	739	$ 47.35	0.94	$ 46,843
Exercisable at December 31, 2024	739	$ 47.35	0.94	$ 46,843

D. | Stock Purchase Plan

In May 2002, the shareholders approved the Company's 2002 Employee Stock Purchase Plan (the 2002 Plan), which became effective August 1, 2002. As last amended in May 2024, the Company's 2002 Plan provides for 19,305 shares of the Company's common stock to be reserved for issuance upon exercise of purchase rights granted to employees who elect to participate through regular payroll deductions beginning August 1 of each year. The purchase rights are exercisable on July 31 of the following year at a price equal to the lesser of (1) 85% of the fair market value of the Company's stock on the last trading day in July or (2) 85% of the fair market value of the Company's stock on the first trading day in August of the preceding year. A total of 15,301 shares have been issued under the 2002 Plan since inception and $27,549 has been withheld from employees at December 31, 2024 in connection with the plan year ending July 31, 2025.

E. | Share-Based Compensation Expense

The fair value of employee stock purchase rights granted under the 2002 Plan is estimated on the date of grant using the Black-Scholes Model with the following assumptions:

	For the years ended December 31,		
	2024	2023	2022
Dividend yield	1.20%	1.20%	1.30%
Volatility	20%	28%	29%
Risk-free interest rates	4.90%	5.37%	3.02%
Expected life (years)	1	1	1
Weighted average fair value	$ 27.97	$ 31.56	$ 27.07

The Company's expected volatility assumptions are based on the historical volatility of the Company's stock over a period of time commensurate to the expected life. The expected life assumption is based on the one-year offering period. The risk-free interest rate for the expected term of the option is based on the corresponding yield curve in effect at the time of grant for U.S. Treasury bonds having the same term as the expected life of the option. The expected dividend yield is based on the Company's historical experience. The forfeiture assumption used to calculate compensation expense is primarily based on historical pre-vesting employee forfeiture patterns.

The compensation expense for employee RSUs and PSUs is based on the fair market value of the Company’s share of common stock on the date of grant. RSUs and PSUs awarded in 2024, 2023 and 2022 were granted at a weighted-average grant date fair value of $114.90, $113.28 and $102.65, respectively.

The total intrinsic value of options exercised during the years ended December 31, 2024, 2023 and 2022 was approximately $30 million, $46 million and $34 million, respectively.

As of December 31, 2024, the total unrecognized compensation cost related to stock awards is $52 million and the weighted average period over which that cost is expected to be recognized is 1.7 years.

Shares issued as a result of stock option exercises, restricted stock awards, vested RSUs, vested PSUs and employee stock plan purchases are issued as new shares outstanding by the Company.

NOTE 6. BASIC AND DILUTED EARNINGS PER SHARE

Diluted earnings attributable to shareholders per share is computed using the weighted average number of common shares and dilutive potential common shares outstanding. Dilutive potential shares represent outstanding stock options, including purchase options under the Company's employee stock purchase plan and unvested RSUs. Basic earnings attributable to shareholders per share is calculated using the weighted average number of common shares outstanding without taking into consideration dilutive potential common shares outstanding.

The following table reconciles the numerator and the denominator of the basic and diluted per share computations for earnings attributable to shareholders.

	2024	2023	2022
Numerator:			
Net earnings attributable to shareholders	$ 810,073	$ 752,883	$ 1,357,399
Denominator:			
Weighted-average basic shares outstanding	140,992	149,141	163,010
Effect of dilutive share-based awards	730	1,045	1,417
Weighted-average diluted shares	141,722	150,186	164,427
Basic earnings per share	$ 5.75	$ 5.05	$ 8.33
Diluted earnings per share	$ 5.72	$ 5.01	$ 8.26

Potential common shares of 696, 771 and 1,072 were excluded from the computation of diluted earnings per share because the effect would have been antidilutive in 2024, 2023 and 2022, respectively.

NOTE 7. TAXES

Income Taxes

Income tax expense (benefit) includes the following components:

	Federal	State	Foreign	Total
2024				
Current	$ 64,040	$ 35,032	$ 189,233	$ 288,305
Deferred	(2,746)	(2,392)	—	(5,138)
	$ 61,294	$ 32,640	$ 189,233	$ 283,167
2023				
Current	$ 87,461	$ 24,481	$ 174,223	$ 286,165
Deferred	(20,795)	(2,121)	—	(22,916)
	$ 66,666	$ 22,360	$ 174,223	$ 263,249
2022				
Current	$ 149,840	$ 63,140	$ 295,546	$ 508,526
Deferred	(27,904)	(5,336)	—	(33,240)
	$ 121,936	$ 57,804	$ 295,546	$ 475,286

The components of earnings before income taxes are as follows:

	2024	2023	2022
United States	$ 514,125	$ 512,682	$ 987,186
Foreign	580,675	502,346	848,705
	$ 1,094,800	$ 1,015,028	$ 1,835,891

Income tax expense differs from amounts computed by applying the United States Federal income tax rate of 21% when compared to earnings before income taxes as a result of the following:

	2024	2023	2022
Computed “expected” tax expense	$ 229,908	$ 213,156	$ 385,537
Increase (decrease) in income taxes resulting from:			
Effect of foreign taxes	22,146	27,711	32,293
State income taxes, net of Federal income tax benefit	25,787	17,665	45,665
Nondeductible executive compensation	4,327	4,965	8,019
Stock compensation expense, net	2,215	(1,321)	454
Other, net	(1,216)	1,073	3,318
	$ 283,167	$ 263,249	$ 475,286

In 2024, 2023 and 2022, the Company benefited from U.S. Federal tax credits totaling $32.5 million, $24.1 million, and $41.6 million, respectively, principally because of withholding taxes related to the Company's foreign operations, as well as U.S. income tax benefits for FDII of $21.6 million, $16.2 million, and $41.7 million, respectively. These amounts were offset by the effect of higher foreign tax rates of the Company's international subsidiaries, when compared to the U.S. Federal income tax rate of 21%, as well as certain expenses that are no longer deductible under the 2017 Tax Act, including certain executive compensation in excess of amounts allowed. For the years 2024, 2023 and 2022, there was no BEAT expense and GILTI expense was insignificant.

The tax effects of temporary differences and tax credits that give rise to significant portions of deferred tax assets and deferred tax liabilities are as follows:

Years ended December 31,	2024	2023
Deferred Tax Assets:		
Deductible stock compensation expense, net	$ 6,243	$ 7,199
Operating lease liabilities	95,895	75,659
Capitalized R&D expenses	54,969	39,723
Accrued third party obligations, deductible for taxes upon economic performance	6,382	10,878
Excess of financial statement over tax depreciation	13,679	12,532
Foreign currency translation adjustments	17,198	15,400
Retained liability for cargo claims	1,391	1,040
Provision for credit losses on accounts receivable	1,672	856
Total gross deferred tax assets	197,429	163,287
Deferred Tax Liabilities:		
Unremitted foreign earnings, net of related foreign tax credits	36,583	28,275
Operating lease assets	90,175	71,322
Total gross deferred tax liabilities	126,758	99,597
Net deferred tax assets	$ 70,671	$ 63,690

Based on management’s review of the Company’s tax positions, the Company had no significant unrecognized tax benefits as of December 31, 2024 and 2023.

The Company is subject to taxation in various states and many foreign jurisdictions including the People’s Republic of China, including Hong Kong, Taiwan, Vietnam, India, Mexico, Brazil, Canada, Netherlands and the United Kingdom. The Company believes that its tax positions, including intercompany transfer pricing policies, are reasonable and consistent with established transfer pricing methodologies and norms. The Company is under, or may be subject to, audit or examination and assessments by the relevant authorities in respect to these and any other jurisdictions primarily for years 2009 and thereafter. Sometimes audits result in proposed assessments where the ultimate resolution could result in significant additional tax, penalties and interest payments being required. The Indian tax authority (ITA) has asserted that additional tax applies principally related to transfer pricing and transactions between and amongst the Company and its Indian subsidiary and the applicability to an Indian service tax applicable to ocean and air imports and exports. We believe that ITA’s positions are without merit, we are defending our position vigorously in Indian courts. If these matters are adversely resolved, we would recognize significant additional tax expense, including interest and penalties. The Company establishes liabilities when, despite its belief that the tax filing positions are appropriate and consistent with tax law, it concludes that it may not be successful in realizing the tax position. In evaluating a tax position, the Company determines whether it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position and in consultation with qualified legal and tax advisors.

The total amount of the Company’s tax contingencies may increase in 2025. In addition, changes in state, federal, and foreign tax laws, including transfer pricing and changes in interpretations of these laws may increase the Company’s existing tax contingencies. The timing of the resolution of income tax examinations can be highly uncertain, and the amounts ultimately paid including interest and penalties, if any, upon resolution of the issues raised by the taxing authorities may differ significantly from the amounts recorded. It is reasonably possible that within the next twelve months the Company or its subsidiaries will undergo further audits and examinations by various tax authorities and possibly may reach resolution related to income tax and indirect tax examinations in one or more jurisdictions. These assessments or settlements could result in changes to the Company’s contingencies related to positions on tax filings in future years. The estimate of any ultimate tax liability contains assumptions based on experiences, judgments about potential actions by taxing jurisdictions as well as judgments about the likely outcome of issues that have been raised by the taxing jurisdiction. The Company cannot currently provide an estimate of the range of possible outcomes. Any interest and penalties expensed in relation to the underpayment of income taxes were insignificant for the years ended December 31, 2024, 2023, and 2022. The Company has no liability as of December 31, 2024, for the 15% corporate alternative minimum tax based on financial statement income (BMT), which became effective in 2023 in the U.S. under the Inflation Reduction Act. For the year ended December 31, 2024, the amount of Pillar Two income tax expense was insignificant. Elements of the recorded impacts of enacted tax laws and regulation could be impacted by further legislative action as well as additional interpretations and guidance issued by the Internal Revenue Service or Treasury in the U.S. and by similar governmental bodies in jurisdictions outside of the U.S.

Other Taxes

The Company is subject to multiple examinations for value added, service, payroll, or other non-income taxes in various jurisdictions. In certain cases, the Company has received assessments from the authorities. Possible losses or range of possible losses associated with these matters are either immaterial or an estimate of the possible loss or range of loss cannot be made at this time. If certain matters or a group of matters were to be decided adversely to the Company, it could result in a charge that might be material to the results of an individual fiscal quarter or year.

NOTE 8. COMMITMENTS

A. | Unconditional Purchase Obligations

The Company enters into short-term unconditional purchase obligations with asset-based providers reserving space on a guaranteed basis. The pricing of these obligations varies to some degree with market conditions. Historically, the Company has met these obligations in the normal course of business within one year. In the regular course of business, the Company also enters into agreements with service providers to maintain or operate equipment, facilities or software that can be longer than one year. We also regularly have contractual obligations for specific projects related to improvements of our owned or leased facilities and information technology infrastructure. Purchase obligations outstanding as of December 31, 2024 totaled $160 million.

B. | Employee Benefits

The Company has employee savings plans under which the Company provides a discretionary matching contribution. In 2024, 2023 and 2022, the Company’s contributions under the plans were $23,507, $24,241 and $24,774, respectively.

C. | Credit Arrangements

Certain of the Company's foreign subsidiaries maintain bank lines of credit for short-term working capital purposes. A few of these credit lines are supported by standby letters of credit issued by a United States bank or guarantees issued by the Company to the foreign banks issuing the credit line. At December 31, 2024, and 2023 borrowings under these credit lines were $30,660 and $53,068, respectively. At December 31, 2024, the Company was contingently liable for approximately $68,481 under outstanding standby letters of credit and guarantees. At December 31, 2024, the Company was in compliance with all restrictive covenants of these credit lines and the associated credit facilities.

The standby letters of credit and guarantees relate to obligations of the Company's foreign subsidiaries for credit extended in the ordinary course of business by direct carriers, primarily airlines, and for duty and tax deferrals available from governmental entities responsible for customs and value-added-tax (VAT) taxation. The total underlying amounts due and payable for transportation and governmental excise taxes are properly recorded as obligations in the books of the respective foreign subsidiaries, and there would be no need to record additional expense in the unlikely event the parent company were to be required to perform.

NOTE 9. CONTINGENCIES

The Company is involved in claims, lawsuits, government investigations, income, transfer pricing and indirect tax audits and other legal matters that arise in the ordinary course of business and are subject to inherent uncertainties. Currently, in management's opinion and based upon advice from legal advisors, none of these matters are expected to have a material effect on the Company's operations, cash flows or financial position. In 2022, the Company recorded $22 million in tax contingencies in other operating expenses and $22 million of interest expense in the consolidated statement of earnings, related to a non-income tax contingency. Other amounts recorded for claims, lawsuits, government investigations and other legal matters are not significant to the Company's operations, cash flows or financial position. At this time, the Company is unable to estimate any additional loss or range of reasonably possible losses, if any, beyond the amounts recorded, that might result from the resolution of these matters.

NOTE 10. BUSINESS SEGMENT INFORMATION

Financial information regarding 2024, 2023 and 2022 operations by the Company's designated geographic areas is as follows:

	UNITED STATES	OTHER NORTH AMERICA	LATIN AMERICA	NORTH ASIA	SOUTH ASIA	EUROPE	MIDDLE EAST, AFRICA AND INDIA	ELIMINATIONS	CONSOLIDATED
2024									
Revenues	$ 3,251,998	429,280	214,999	2,934,353	1,391,131	1,700,919	683,191	(5,356)	10,600,515
Directly related cost of transportation and other expenses [1]	$ 1,733,087	248,425	126,413	2,383,627	1,098,448	1,092,478	506,482	(2,242)	7,186,718
Salaries and related costs	$ 974,911	79,481	38,337	158,201	106,183	329,757	75,784	-	1,762,654
Other operating expenses[2]	$ 64,558	59,863	31,454	154,322	84,267	166,119	52,371	(3,134)	609,820
Operating income	$ 479,442	41,511	18,795	238,203	102,233	112,565	48,554	20	1,041,323
Identifiable assets at period end	$ 2,565,372	171,872	104,172	582,331	338,759	753,064	270,356	(31,468)	4,754,458
Capital expenditures	$ 24,249	2,393	487	1,250	4,239	5,977	1,871		40,466
Depreciation and amortization	$ 36,240	2,120	1,104	5,032	2,016	11,277	3,301		61,090
Equity	$ 1,500,901	43,155	42,535	228,747	119,823	174,536	156,748	(40,661)	2,225,784
2023									
Revenues	$ 3,311,327	436,331	197,344	2,180,808	865,261	1,808,624	505,194	(4,779)	9,300,110
Directly related cost of transportation and other expenses [1]	$ 1,809,526	270,080	117,376	1,700,025	612,606	1,200,753	345,873	(2,239)	6,054,000
Salaries and related costs	$ 946,527	76,398	37,689	145,166	95,895	329,403	69,438	-	1,700,516
Other operating expenses[2]	$ 91,470	66,839	31,906	127,908	79,875	163,932	46,272	(2,541)	605,661
Operating income	$ 463,804	23,014	10,373	207,709	76,885	114,536	43,611	1	939,933
Identifiable assets at period end	$ 2,595,576	174,509	109,380	449,529	237,470	721,259	256,199	(20,113)	4,523,809
Capital expenditures	$ 23,845	1,247	442	1,534	971	7,830	3,445		39,314
Depreciation and amortization	$ 44,039	1,879	1,123	4,597	1,940	11,313	2,869		67,760
Equity	$ 1,774,874	19,222	54,581	158,329	103,573	167,141	154,038	(40,345)	2,391,413
2022									
Revenues	$ 4,869,364	517,662	257,721	5,810,088	2,144,034	2,471,456	1,005,489	(4,530)	17,071,284
Directly related cost of transportation and other expenses [1]	$ 2,943,232	310,206	160,273	4,853,902	1,751,187	1,768,102	791,887	(1,892)	12,576,897
Salaries and related costs	$ 1,112,186	82,006	40,594	251,059	132,051	355,772	82,719	-	2,056,387
Other operating expenses[2]	$ (168,136)	106,186	31,583	253,746	106,607	217,826	68,350	(2,533)	613,629
Operating income [3]	$ 982,082	19,264	25,271	451,381	154,189	129,756	62,533	(105)	1,824,371
Identifiable assets at period end	$ 3,070,697	209,516	123,003	675,022	316,777	938,660	283,872	(27,113)	5,590,434
Capital expenditures	$ 56,411	2,954	937	2,976	1,543	17,868	4,135		86,824
Depreciation and amortization	$ 35,461	1,892	1,123	4,682	1,966	9,640	2,574		57,338
Equity	$ 2,246,417	31,132	56,416	274,703	136,944	263,278	145,269	(40,624)	3,113,535

1. Directly related cost of transportation and other expenses totals operating expenses from airfreight services, ocean freight and ocean services and customs brokerage and other services as shown in the consolidated statements of earnings.
2. Other operating expenses totals rent and occupancy, depreciation and amortization, selling and promotion and other as shown in the consolidated statements of earnings.
3. In 2022, Other North America operating income includes charges of $22 million related to non-income tax contingencies.

Other than the United States, only the People's Republic of China, including Hong Kong, represented more than 10% of the Company's total revenue, total operating income, total identifiable assets or equity in any period presented as noted in the table below.

	2024	2023	2022
Revenues	22 %	18 %	27 %
Operating income	17 %	17 %	19 %
Identifiable assets at year end	10 %	8 %	10 %
Equity	9 %	5 %	7 %

NOTE 11. CYBER-ATTACK

In the first quarter of 2022, the Company was the subject of a targeted cyber-attack, which resulted in having to shut down most of its connectivity, operating and accounting systems globally for a period of approximately three weeks to manage the safety of its overall global systems environment.

In 2022 the Company incurred, as a result of its inability to timely process and move shipments through ports during the downtime, approximately $47 million in estimated incremental demurrage charges, net of recoveries, where the Company has direct liability for this obligation. These costs are recorded in customs brokerage and other services expenses.

The Company incurred investigation, recovery, and remediation expenses, including costs to recover its operational and accounting systems and to enhance cybersecurity protections. The Company also recorded estimated liabilities for potential shipment-related claims. In 2022, the total amount recorded for estimated potential shipment-related claims was approximately $18 million. These costs are recorded in other operating expenses.

In 2023 and 2024, incremental charges recorded related to the cyber-attack were insignificant. Since the cyber-attack, the company incurred cumulative additional expenses of $59 million, net of recoveries and adjustments to prior estimates, and experienced a loss of revenues that cannot be quantified as a result of this attack.

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Director

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Director

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Director, Compensation Committee Chair

DIANE H. GULYAS
Director

JEFFREY S. MUSSER*
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Director, Audit Committee Chair

LIANE J. PELLETIER
Director, Nominating & Corporate Governance Committee Chair

OLIVIA D. POLIUS
Director

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Senior Vice President, Global Enterprise Services & Chief Strategy Officer

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STEVEN J. GRIMMER
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DANIEL R. WALL*
President, Global Geographies

ALLEN WANG
Senior Vice President, North Asia

MICHELLE D. WEAVER
Senior Vice President, Global Order Management

CRAIG L. WILWERDING
Senior Vice President, Global Business Operations

* As previously announced, Jeffrey S. Musser plans to retire as President & CEO and step down from the Board, effective March 31, 2025. Daniel R. Wall, President, Global Geographies, was named President & CEO and appointed to the Board, effective April 1, 2025.

CORPORATE INFORMATION

CORPORATE HEADQUARTERS

EXPEDITORS INTERNATIONAL
OF WASHINGTON, INC.
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Bellevue, WA 98006

INFORMATION IS AVAILABLE ON
www.expeditors.com

ANNUAL MEETING

The annual meeting of shareholders will be held Tuesday, May 6, 2025 at 8:00 a.m. PDT at the Company's offices, 3545 Factoria Blvd. SE, Bellevue, WA 98006

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INVESTOR RELATIONS

Further information about the Company, additional copies of this report, Form 10-K or other financial information may be obtained without charge by writing:

GEOFFREY W. BUSCHER
Director - Investor Relations
Expeditors International of Washington, Inc.
1200 Third Avenue, Seattle, WA 98104

investor.expeditors.com/information-request/contact-us

EXPEDITORS' COMMITMENT TO SUSTAINABILITY

Information about Expeditors' commitment to the environment; corporate social responsibility; security, health, and safety; and good governance are described in detail under "Corporate Citizenship" at www.expeditors.com and in the Company's updated Sustainability Report.

www.expeditors.com/about-us/sustainability

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